

GILEAD SCIENCES INC  
Form 10-Q  
May 10, 2017

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2017

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 0-19731

GILEAD SCIENCES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware 94-3047598  
(State or Other Jurisdiction of (IRS Employer  
Incorporation or Organization) Identification No.)

333 Lakeside Drive, Foster City, California 94404  
(Address of principal executive offices) (Zip Code)  
650-574-3000

Registrant's Telephone Number, Including Area Code

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company  Emerging growth company

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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. "

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes " No ý

Number of shares outstanding of the issuer's common stock, par value \$0.001 per share, as of April 28, 2017:

1,306,728,398

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GILEAD SCIENCES, INC.  
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We own or have rights to various trademarks, copyrights and trade names used in our business, including the following: GILEAD®, GILEAD SCIENCES®, AMBISOME®, CAYSTON®, COMPLERA®, DESCOVY®, EMTRIVA®, EPCLUSA®, EVIPLERA®, GENVOYA®, HARVONI®, HEPSERA®, LETAIRIS®, ODEFSEY®, RANEXA®, SOVALDI®, STRIBILD®, TRUVADA®, TYBOST®, VEMLIDY®, VIREAD®, VITEKTA®, VOLIBRIS® and ZYDELIG®. ATRIPLA® is a registered trademark of Bristol-Myers Squibb & Gilead Sciences,

LLC. LEXISCAN<sup>®</sup> is a registered trademark of Astellas U.S. LLC. MACUGEN<sup>®</sup> is a registered trademark of Eyetech, Inc. SUSTIVA<sup>®</sup> is a registered trademark of Bristol-Myers Squibb Pharma Company. TAMIFLU<sup>®</sup> is a registered trademark of Hoffmann-La Roche Inc. This report also includes other trademarks, service marks and trade names of other companies.

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## PART I. FINANCIAL INFORMATION

## Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## GILEAD SCIENCES, INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

(in millions, except per share amounts)

|  | March<br>31,<br>2017 | December 31,<br>2016 |
|--|----------------------|----------------------|
| Assets   |                      |                      |
| Current assets:  |                      |                      |
| Cash and cash equivalents  | \$10,285             | \$ 8,229             |
| Short-term marketable securities   | 3,830                | 3,666                |
| Accounts receivable, net of allowances of \$557 at March 31, 2017 and \$763 at December 31, 2016   | 4,034                | 4,514                |
| Inventories  | 1,474                | 1,587                |
| Prepaid and other current assets   | 1,801                | 1,592                |
| Total current assets   | 21,424               | 19,588               |
| Property, plant and equipment, net   | 2,922                | 2,865                |
| Long-term deferred tax assets  | 1,208                | 1,259                |
| Long-term marketable securities  | 19,902               | 20,485               |
| Intangible assets, net   | 8,761                | 8,971                |
| Goodwill   | 1,172                | 1,172                |
| Other long-term assets   | 2,312                | 2,637                |
| Total assets   | \$57,701             | \$ 56,977            |
| Liabilities and Stockholders' Equity   |                      |                      |
| Current liabilities:   |                      |                      |
| Accounts payable   | \$944                | \$ 1,206             |
| Accrued government and other rebates   | 4,712                | 5,021                |
| Other accrued liabilities  | 2,626                | 2,991                |
| Total current liabilities  | 8,282                | 9,218                |
| Long-term debt, net  | 26,321               | 26,346               |
| Long-term income taxes payable   | 1,848                | 1,753                |
| Other long-term obligations  | 333                  | 297                  |
| Commitments and contingencies (Note 9)   |                      |                      |
| Stockholders' equity:  |                      |                      |
| Preferred stock, par value \$0.001 per share; 5 shares authorized; none outstanding  | —                    | —                    |
| Common stock, par value \$0.001 per share; shares authorized of 5,600 at March 31, 2017 and December 31, 2016; shares issued and outstanding of 1,307 at March 31, 2017 and 1,310 at December 31, 2016 | 1                    | 1                    |
| Additional paid-in capital   | 616                  | 454                  |
| Accumulated other comprehensive income   | 260                  | 278                  |
| Retained earnings  | 19,564               | 18,154               |
| Total Gilead stockholders' equity  | 20,441               | 18,887               |
| Noncontrolling interest  | 476                  | 476                  |
| Total stockholders' equity   | 20,917               | 19,363               |
| Total liabilities and stockholders' equity   | \$57,701             | \$ 56,977            |

See accompanying notes.

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GILEAD SCIENCES, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(unaudited)  
(in millions, except per share amounts)

Three  
Months  
Ended  
March 31,  
2017 2016

Revenues:  
Product sales