

## **Gilead Sciences(GILD)**

### Business Summary:

Gilead Sciences is a research based biopharmaceutical company that discovers, develops, and commercializes medicines primarily in the areas known as 'breakthrough therapies'. The company's current pipeline and offerings span the areas of HIV/AIDS, cancer, inflammatory and respiratory, and cardiovascular ailments. The company was founded in 1987 and is based out of Foster City, CA.

### Industry Overview:

- Drivers
  - FDA fast-track program is allowing drugs to be brought into the market very rapidly
  - Gilead's R&D budget is currently one of the largest to support many phase 3 trials to grow its portfolio
- Industry Characteristics
  - Niche ailments that large firms are trying to corner, especially in trying to treat different cancers
  - Most firms utilize current FDA fast-track guidelines to take advantage of drugs that would be considered 'breakthrough therapies'
  - Large R&D budget required, often making drug rejections very costly to top and bottom line
- Competitive Landscape
  - Many new firms are entering the market with potential drugs for HIV/AIDS as well as competing cancers
  - Abbot, Merk, Pfizer, and GlaxoSmithKline make up the majority of the market with Gilead
  - Potential Risks: New drugs in pipeline to create new competitive advantage may not be approved

### Recommendation:

Gilead has faced intense stock price pressure from investors recently over concerns of whether or not they can maintain the level of profitability and market share they currently possess with new entrants into the HIV/Hep-C spaces, as well as competing drugs vying for FDA approval to treat certain cancers. With the stock nearly 25% down from its year-to-date highs, the relative cheapness of the stock makes it a great buying opportunity for those that continue to believe in their pipeline's competitive advantage, as well as the value for being first to market in many of these spaces. Given the FDA's track record in approving drugs in the areas in which Gilead operates as well as the current phase 3 clinical trial results of its pipeline, Gilead should have no problem taking significant market share with its new products very soon.

*Recommendation: Bullish*

### Key Financials

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|---------------------------------|-------------------|
| • NASDAQ: GILD                  | • EBITDA: 21.43B  |
| • Current Price: \$75.49        | • P/E Ratio: 6.63 |
| • 52 Week Range: 74.92 - 111.11 | • EPS: 11.39      |
| • Market Cap: 98.35B            | • R&D Budget: ~2B |
| • Revenue: 32.64B               |                   |