



Rating
Buy

North America
United States

Health Care
Biotechnology

Company
**Gilead Sciences
Alert**

Reuters GILD.OQ Bloomberg GILD US Exchange NMS Ticker GILD

Date
6 March 2014

Breaking News

Price at 5 Mar 2014 (USD)	82.87
Price target	132.00
52-week range	83.95 - 44.38

Robyn Karnstuskas
Research Analyst

Altheia Young
Research Analyst

Atripla recall is NOT an issue - DB thoughts post mgmt convo

We have gotten many questions around Gilead's Atripla and the voluntary recall that posted to the FDA site. We spoke to mgmt and here is their take

MGMT COLOR:

- On a typical quality check Gilead found small particles and proactively issued a voluntary recall of 39K bottles ONLY.
- Gilead took it upon themselves to contact the agency and issue the voluntary recall of these lots.
- This is from their 3rd party manufacturer in China that only makes Atripla. Gilead has multiple manufacturers for Atripla.
- Management reiterates that this is a very minor issue The company has more than enough Atripla supply.

Here is the link to the FDA report

http://www.accessdata.fda.gov/scripts/enforcement/enforce_rpt-Product-Tabs.cfm?action=select&recall_number=D-1090-2014&w=03052014&lang=eng

We would be buyers on the weakness today. The fundamental story on base biz and Sovaldi buy case intact. Reiterate Buy and \$132 TP.

Stock & option liquidity data

Market cap (USD)	125,731.5
Shares outstanding (m)	1,517.2
Free float (%)	100
Volume (5 Mar 2014)	2,096,512
Option volume (und. shrs., 1M avg.)	678,195

Source: Deutsche Bank

Key data

FYE 12/31	2013A	2014E	2015E
1Q EPS	0.48	0.98	-
2Q EPS	0.50	1.28	-
3Q EPS	0.60	1.03	-
4Q EPS	0.55	0.96	-
FY EPS (USD)	2.13	4.25	7.75
P/E (x)	26.3	19.5	10.7

Source: Deutsche Bank

* Includes the impact of FAS123R requiring the expensing of stock options.

Deutsche Bank Securities Inc.

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