Gilead Sciences

GILD • HEALTH CARE • INDEX CONSTITUENT

Gilead built a business treating HIV. Its biggest new bet is preventing it, with a shot given twice a year.

THIS ISSUE GILD

Gilead Sciences, a current Nasdaq-100® constituent at **~0.74% index weight**, is a biopharmaceutical company built on HIV medicines. HIV products generated about **72% of Q1 2026 revenue**, led by Biktarvy, a single daily pill, alongside smaller oncology and liver-disease franchises. Patent protection keeps those medicines highly profitable, funding a pipeline that now reaches beyond treatment into prevention.

$29.4B	~70%	87.5%	14.5×	$9.5B
FY2025 REVENUE	HIV REVENUE SHARE (FY2025)	ADJ. GROSS MARGIN (Q1 2026)	FORWARD P/E (NTM)	FY2025 FREE CASH FLOW

BUSINESS MODEL & REVENUE DRIVERS

What Gilead Actually Sells

The core product is HIV medicine. In Q1 2026, HIV treatments brought in **$5.0B of $7.0B in revenue**. One drug carries most of it: Biktarvy, a once-daily single tablet and the company's best-selling medicine.

These are high-margin, patent-protected medicines. Adjusted gross margin reached **87.5% in Q1 2026**, and the franchise produced $9.5B of free cash flow in FY2025. Oncology and liver-disease units round out the business, but HIV funds everything else.

QUARTERLY REVENUE BY THERAPEUTIC AREA (Q1 2026)

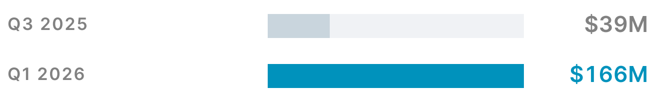
COMPETITIVE MOAT

Why This Is Hard to Replicate

The advantage is decades of HIV chemistry. Gilead collapsed the old multi-pill cocktails into one daily tablet and owns the backbone molecules behind it. Patients stay on a regimen that keeps the virus suppressed, so a rival would need both the molecule patents and the clinical record to match it.

What reinforces it is lenacapavir, a long-acting molecule Gilead is extending across treatment and prevention. The same science behind the daily pill now supports a twice-yearly injection, with weekly and yearly formulations behind it. **That pipeline is difficult to replicate** and helps offset the 2033 patent expiration.

YEZTUGO (HIV PREVENTION) QUARTERLY REVENUE



OPERATING STRENGTHS

Three Structural Advantages

0.33

ADJUSTED BETA (1-YEAR)

Patients fill prescriptions in most conditions, giving the stock **low correlation to market swings**.

43.2%

RETURN ON EQUITY

High-margin medicines convert into **strong returns on invested capital**.

~19.7%

R&D AS SHARE OF REVENUE

Roughly a fifth of revenue funds the **pipeline behind today's franchises**.

GROWTH CATALYSTS

What Grows the Business Next

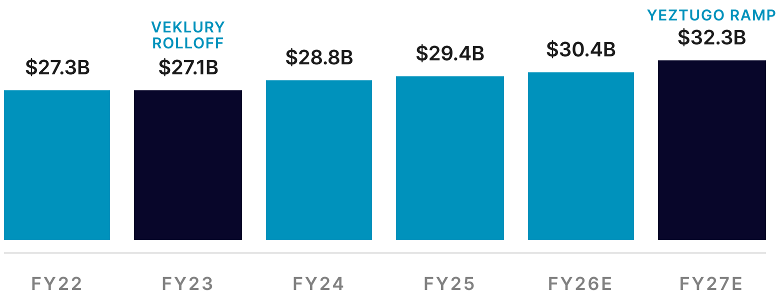
Prevention is the headline. Yeztugo, a twice-yearly injection that prevents HIV, was approved in 2025 after its Phase 3 prevention trials showed 99.9% efficacy among trial participants. Quarterly sales reached **$166M in Q1 2026**, and full-year guidance was raised to $1.0B from $800M after the product reached 95% payor access, per company disclosures. The prevention market is estimated at $20B, and lenacapavir's long-acting profile represents potential upside.

- **Next-generation HIV treatment.** A once-weekly oral combination of bictegravir and lenacapavir, developed with Merck, has an FDA decision due August 27, 2026 and could renew the core treatment franchise
- **Trodelvy in oncology.** Sales grew 37% year over year in Q1 2026, and the drug gained NCCN Category 1 guideline status for first-line breast cancer treatment in January 2026
- **Anito-cel cell therapy.** Gilead took full control of this multiple myeloma treatment through its 2026 acquisition of Arcellx; an FDA decision on a fourth-line-plus indication is due December 23, 2026, with analysts projecting close to $2B in sales by 2030
- **Livdelzi in liver disease.** A treatment for primary biliary cholangitis that holds more than half of US second-line prescriptions, per company filings, generated $373M in FY2025 and $133M in Q1 2026

HISTORICAL CONTEXT

FY2022 – FY2027E Revenue Trajectory

~4% TWO-YEAR REVENUE CAGR (FY23–FY25)



SOURCE GILEAD FILINGS, CONSENSUS ESTIMATES, BLOOMBERG

Revenue dipped in 2023 as pandemic-era Veklury (remdesivir) sales rolled off, then returned to growth as the HIV franchise strengthened and new products launched. The business stayed profitable throughout. Consensus expects continued growth into 2027 as Yeztugo and oncology scale.

ANNUAL REVENUE (FY22→FY25)

$27.3B → $29.4B **+7.9%**

CONSENSUS REVENUE (FY25→FY27E)

$29.4B → $32.3B **~+10%**

TRODELVY REVENUE (Q1, YEAR OVER YEAR)

$402M in Q1 2026 **+37%**

VALUATION & INVESTMENT THESIS

A Cash Engine Priced for Modest Growth

Gilead trades at a **forward P/E (NTM) of 14.5×**, with a forward EV/EBITDA of 10.9× per Bloomberg consensus estimates. Reported 2026 earnings look distorted: non-GAAP EPS guidance was cut to a loss of $0.65 to $1.05 per share, entirely a function of about $11.5B in acquired IPR&D charges from three 2026 acquisitions, not operational deterioration; Q1 adjusted EPS was $2.03, ahead of consensus.

That multiple prices a durable HIV franchise plus a pipeline of new bets: Yeztugo's twice-yearly prevention shot, a once-weekly oral HIV treatment developed with Merck, and oncology programs in Trodelvy and anito-cel. **For the multiple to re-rate, those newer bets have to keep delivering the way the core HIV business already does.**

KEY RISKS

What Could Change the Story

- **Franchise concentration**, with Biktarvy representing about 49% of total revenue, per company filings, and a key patent not expiring until 2033, though the drug could still be selected for Medicare price negotiation under the IRA
- **Yeztugo ramp execution**, since the $1.0B FY2026 guidance implies a sharp acceleration from Q1's $166M pace, with second-injection compliance still being tracked
- **M&A integration risk**, after three 2026 acquisitions (Arcellx, Ouro Medicines, and Tubulis) added about $11.5B in acquired IPR&D charges, with anito-cel's manufacturing scale-up as a near-term test
- **Earnings distortion**, where those same accounting charges are set to push non-GAAP FY2026 EPS guidance to a loss even as underlying operations stay profitable
- **Policy headwinds**, since HIV guidance embeds a roughly 2% ACA and Medicaid pricing headwind for the year, though it did not show up in Q1 results

WHAT THIS MEANS FOR YOU

The Index Angle, in Plain Terms

IN YOUR INDEX FUND

If you hold a fund that tracks the Nasdaq-100 Index®, you already own this.

- Index composition follows transparent eligibility criteria, and **GILD is a current constituent** at **~0.74% index weight**: roughly $0.74 of every $100 tracking the Nasdaq-100 sits in Gilead
- Gilead makes the medicines that turned HIV from a fatal diagnosis into a managed condition; its best-selling product, Biktarvy, is a **single daily pill**
- Its newest product is a shot given **twice a year to prevent HIV**, approved in 2025 and now in its first full year on the market

DECODING THE JARGON

Two terms doing the heavy lifting in this issue.

- **PrEP (pre-exposure prophylaxis).** Medicine taken by HIV-negative people to avoid infection. Gilead's Yeztugo is a twice-yearly injection, and the prevention market is estimated at about $20B
- **IPR&D (in-process research and development).** An accounting charge booked when a company buys another's unfinished drug programs. Gilead's three 2026 acquisitions created about $11.5B in non-cash IPR&D charges that make its 2026 reported earnings look negative even though the business is profitable

BOTTOM LINE

Inside the Nasdaq-100®, Gilead is valued for the HIV cash engine it already runs. **The multiple prices durability, with the prevention bet as upside the market hasn't fully paid for yet.**

ABOUT THE SERIES

The ***Nasdaq-100®*** *is a globally recognized index of 100 of the most innovative large cap companies listed on the Nasdaq Stock Market®. The* ***Inside the Index*** *series profiles one constituent each issue, from software to soft drinks and computer chips to potato chips, exploring what makes each business distinctive and the metrics investors should know.*

SOURCES NASDAQ GLOBAL INDEXES. GILEAD SCIENCES SEC FILINGS VIA SEC EDGAR: Q1 2026 FORM 10-Q, FY2025 FORM 10-K; GILEAD INVESTOR RELATIONS FILINGS ARCHIVE. CLINICAL-GUIDELINE STATUS PER NCCN CLINICAL PRACTICE GUIDELINES IN ONCOLOGY. VALUATION AND CONSENSUS FIGURES PER BLOOMBERG CONSENSUS ESTIMATES. DATA AS OF 7/31/2026.