ModernGraham Valuation

Company Name: Gilead Sciences, Inc.

Company Ticker GILD
Date of Analysis 3/2/2018

Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > $2Bil	$102,763,378,202	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.74	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	304.75%	Pass
6. Moderate PEmg Ratio	PEmg < 20	11.16	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.08	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	2.74	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.53	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass
	Score		

Suitability

Defensive	**No**
Enterprising	**Yes**

Stage 2: Determination of Intrinsic Value

EPSmg		$7.05
MG Growth Estimate		14.31%
MG Value		**$261.64**
MG Value based on 3% Growth		$102.21
MG Value based on 0% Growth		$59.91
Market Implied Growth Rate		1.33%

MG Opinion

Current Price		$78.69
% of Intrinsic Value		30.08%
Opinion	**Undervalued**	
MG Grade	**B**	

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-$13.66
Graham Number	$46.47
PEmg	11.16
Current Ratio	2.74
PB Ratio	5.08
Current Dividend	$2.08
Dividend Yield	2.64%
Number of Consecutive Years of Dividend Growth	3

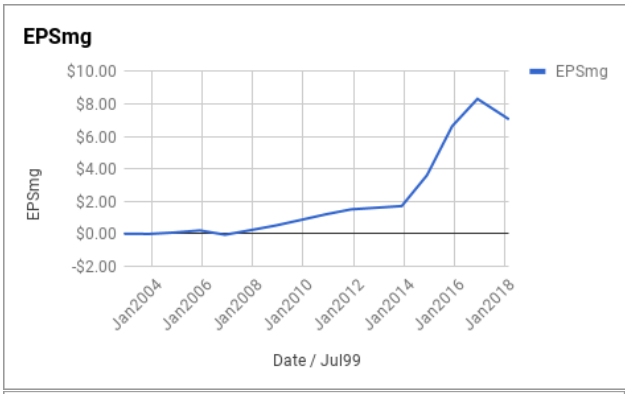
Useful Links:

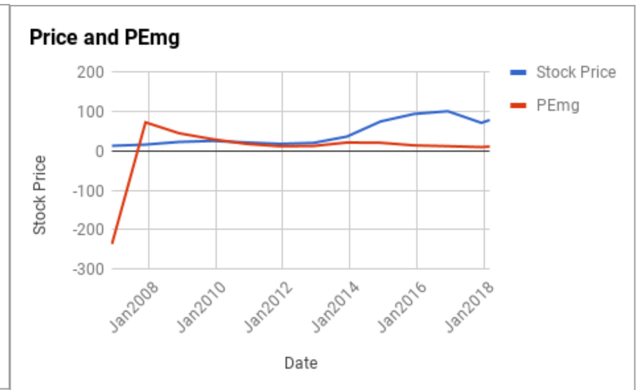
ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

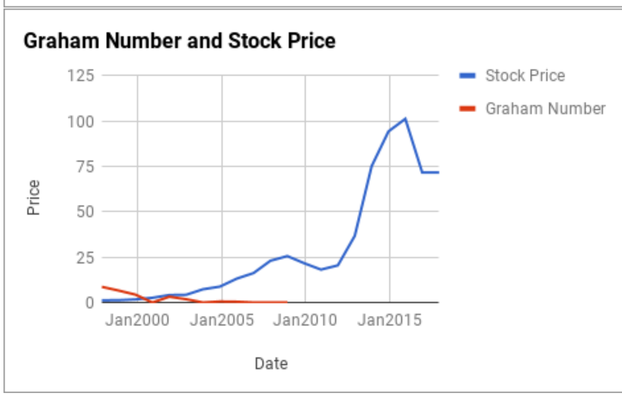
EPS History	
Next Fiscal Year Estimate	$6.14
Dec2017	$3.51
Dec2016	$9.94
Dec2015	$11.91
Dec2014	$7.35
Dec2013	$1.81
Dec2012	$1.64
Dec2011	$1.77
Dec2010	$1.66
Dec2009	$1.41
Dec2008	$1.03
Dec2007	$0.84
Dec2006	-$0.65
Dec2005	$0.43
Dec2004	$0.25
Dec2003	-$0.05
Dec2002	$0.04
Dec2001	$0.03
Dec2000	-$0.04
Dec1999	-$0.05
Dec1998	-$0.03

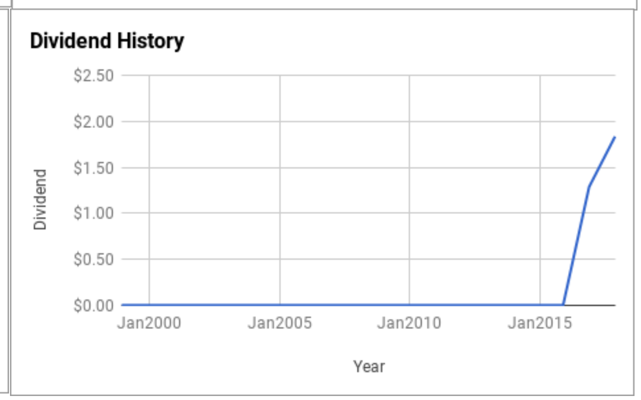
EPSmg History	
Next Fiscal Year Estimate	$7.05
Dec2017	$7.30
Dec2016	$8.31
Dec2015	$6.63
Dec2014	$3.61
Dec2013	$1.71
Dec2012	$1.61
Dec2011	$1.51
Dec2010	$1.20
Dec2009	$0.85
Dec2008	$0.51
Dec2007	$0.22
Dec2006	-$0.06
Dec2005	$0.21
Dec2004	$0.08
Dec2003	-$0.01
Dec2002	$0.01

Balance Sheet Information	12/1/2017
Total Current Assets	$31,823,000,000
Total Current Liabilities	$11,635,000,000
Long-Term Debt	$30,795,000,000
Total Assets	$70,283,000,000
Intangible Assets	$21,259,000,000
Total Liabilities	$49,841,000,000
Shares Outstanding (Diluted Average)	1,319,000,000









Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company	[58 Companies in the Spotlight This Week – 1/31/15](#) [Gilead Sciences Inc. Annual Valuation – 2015 $GILD](#) [14 Companies in the Spotlight This Week – 1/18/14](#) [Gilead Sciences Inc. (GILD) Annual Valuation](#)
Other ModernGraham posts about related companies	[Pfizer Inc Valuation – February 2018 $PFE](#) [Merck & Co Inc Valuation – February 2018 $MRK](#) [Johnson & Johnson Valuation – February 2018 $JNJ](#) [Bristol-Myers Squibb Co Valuation – September 2017 $BMY](#) [Momenta Pharmaceuticals Inc Valuation – Initial Coverage $MNTA](#) [Depomed Inc Valuation – Initial Coverage $DEPO](#) [Endo International PLC Valuation – July 2017 $ENDP](#) [Biogen Inc Valuation – July 2017 $BIIB](#) [Mylan NV Valuation – March 2017 $MYL](#) [Amgen Inc Valuation – March 2017 $AMGN](#)