

Deal of the Week: Gilead to Buy Kite for \$11.9B

Announcement Date	<ul style="list-style-type: none"> • August 28, 2017 	
Acquirer	<ul style="list-style-type: none"> • Gilead Sciences, Inc. (NASDAQ: GILD) 	
Acquirer Description	<ul style="list-style-type: none"> • Discovers, develops, and commercializes medicines in the areas of unmet medical needs globally • Founded in 1987 and headquartered in Foster City, California 	
Acquirer Financial Statistics	<ul style="list-style-type: none"> • Mkt Cap: \$106.1 billion • EV: \$111.7 billion • LTM Revenue: \$28.5 billion 	<ul style="list-style-type: none"> • LTM EBITDA: \$18.1 billion • LTM EV / Revenue: 3.9x • LTM EV / EBITDA: 6.2x
Target Company	<ul style="list-style-type: none"> • Kite Pharma, Inc. (NASDAQ: KITE) 	
Target Description	<ul style="list-style-type: none"> • Clinical-stage biopharmaceutical company focusing on the development and commercialization of novel cancer immunotherapy products • The company is developing a pipeline of engineered autologous cell therapy-based product candidates for the treatment of solid and hematological malignancies • Founded in 2009 and headquartered in Santa Monica, California 	
Target Financial Statistics	<ul style="list-style-type: none"> • Mkt Cap: \$10.2 billion • EV: \$9.4 billion • LTM Revenue: \$32.1 million 	<ul style="list-style-type: none"> • LTM EBITDA: NM • LTM EV / Revenue: NM • LTM EV / EBITDA: NM
Acquirer Advisors	<ul style="list-style-type: none"> • Bank of America Merrill Lynch and Lazard 	
Target Advisors	<ul style="list-style-type: none"> • Centerview Partners, Jefferies and Cowen 	
Price / Consideration	<ul style="list-style-type: none"> • \$11.9 billion 	<ul style="list-style-type: none"> • Cash
Rationale	<ul style="list-style-type: none"> • Bolster Gilead's aging portfolio with an emerging cancer treatment • With the deal, Gilead would acquire Kite's new cancer-fighting method, which harnesses the body's immune system to attack malignant cells. Kite's most promising treatment, for non-Hodgkin lymphoma, is expected to receive government approval within the next year • Gilead, which made its name selling treatments for H.I.V. and hepatitis C, has been seeking to strike a deal for some time as it hunted for the next big drug. Its business has faced pressure amid competition in the market for hepatitis C treatments • "The acquisition of Kite establishes Gilead as a leader in cellular therapy and provides a foundation from which to drive continued innovation for people with advanced cancers," John F. Milligan, Gilead's chief executive, said in a statement 	
Deal Points	<ul style="list-style-type: none"> • \$180 a share in cash, a 29% premium to Kite's closing price on Friday and a 50% premium to the company's 30-day volume weighted average stock price • Gilead plans to finance the transaction with a combination of cash on hand, bank debt and senior unsecured notes 	
Of Note	<ul style="list-style-type: none"> • The acquisition of Kite would be Gilead's biggest purchase, surpassing its \$11 billion deal for Pharmasset in 2011 • The acquisition, Gilead's first major deal since 2011, is a departure from the path followed by the broader pharmaceutical industry, where — apart from Johnson & Johnson's \$30 billion takeover of the Swiss biotechnology company Actelion — the pace of acquisitions had largely slowed this year 	