GILEAD SCIENCES FOURTH QUARTER AND FULL YEAR 2023 EARNINGS PREPARED REMARKS

Jacquie Ross, CFA, *VP, Investor Relations*

Thank you, Operator, and good afternoon, everyone. Just after market close today, we issued a press release with earnings results for the fourth quarter and full year of 2023. The press release, slides, and supplementary data are available on the investors section of our website at gilead.com.

The speakers on today's call will be our Chairman and Chief Executive Officer, Daniel O'Day, our Chief Commercial Officer, Johanna Mercier, our Chief Medical Officer, Merdad Parsey, and our Chief Financial Officer, Andrew Dickinson. After that, we'll open the call to Q&A, where the team will be joined by Cindy Perettie, the Executive Vice President of Kite.

Before we get started, let me remind you that we will be making forward-looking statements, including those related to Gilead's business, financial condition and results of operations; plans and expectations with respect to products, product candidates, corporate strategy, business and operations, financial projections and the use of capital; and 2024 financial guidance, all of which involve certain assumptions, risks and uncertainties that are beyond our control and could cause actual results to differ materially from these statements.

A description of these risks can be found in the earnings press release and our latest SEC disclosure documents. All forward-looking statements are based on information currently available to Gilead, and Gilead assumes no obligation to update any such forward-looking statements.

Non-GAAP financial measures will be used to help you understand the company's underlying business performance. The GAAP to non-GAAP reconciliations are provided in the earnings press release, in our supplementary data sheet, as well as on the Gilead website.
With that, I'll turn the call over to Dan.

Daniel O'Day, *Chairman and Chief Executive Office*

Thank you, Jacquie, and good afternoon, everyone.

The team and I are pleased you could join us today as we share the details of our full year and fourth quarter performance and the latest on our clinical portfolio.

Starting with our full year performance, 2023 was a strong year for Gilead, with 7% growth in product sales, excluding Veklury, driven by HIV and Oncology.

- HIV grew by almost $1 billion, with Biktarvy sales growing 14% to almost $12 billion and increasing its market share in the U.S. to 48%.

- Oncology grew 37% to almost $3 billion, an increase of almost $800 million in just one year. This growth was split evenly between our Kite cell therapies and Trodelvy.

Veklury for COVID-19 contributed $2.2 billion in 2023, ahead of our expectations, but down year-over-year, as expected, given the evolution of the pandemic. In the last two years combined, Gilead's base business has grown approximately $3.3 billion, or more than 7% annually, largely offsetting the decline in Veklury revenues over the same period.

The consistent growth in our base business gives us a strong foundation as we continue into 2024 and look to deliver on our broad clinical portfolio. This is a catalyst-rich phase for Gilead with more than 20 updates this year and many more to come beyond 2024.

Starting with Oncology, we expect at least 12 further updates by the end of 2024. These include Phase 3 updates for Trodelvy in bladder and triple-negative breast cancer, and results from the pivotal Phase 2 iMMagine-1 study for anito-cel in multiple myeloma, for which we saw encouraging Phase 1 data at the American Society of Hematology meeting in December. Also in Cell Therapy, we are very pleased to have shortened our manufacturing time for Yescarta by another two days in the U.S., reinforcing our industry-leading median turnaround time, which is now at an anticipated 14 days.

As you know, we did not reach the primary endpoint for EVOKE-01, our Phase 3 trial for 2L+ metastatic non-small cell lung cancer. Merdad will go into detail on this later, but while we did not see the outcome we hoped for, the data are encouraging on a number of levels, namely:

- A numerical improvement in overall survival favoring Trodelvy, including in both squamous and non-squamous tumors;

- A safety profile consistent with our product label that could continue to differentiate Trodelvy versus other TROP2 ADCs;

- And, while not statistically powered, a potential benefit for a pre-specified sub-population that saw more than three months' median overall improvement.

The team is evaluating next steps given the data and the significant unmet need and we look forward to discussing the data with regulators. Based on the totality of the results in both EVOKE-02 and EVOKE-01, we are confident in Trodelvy's potential in patients with metastatic non-small cell lung cancer, including in earlier lines of therapy.

In Virology, we are looking forward to a very important year for our HIV portfolio. Among the multiple updates we are expecting are the Phase 3 data for lenacapavir in HIV prevention and at least eight updates from our HIV treatment program. These are milestones that could bring us closer to our goal of helping to end the HIV epidemic, building on Gilead's decades of leadership in HIV.

In COVID-19, today we are announcing that our Phase 3 trial, OAKTREE, evaluating obeldesivir did not meet its primary endpoint. We conducted this study to explore whether obeldesivir could address the public health need that existed with COVID-19 for standard-risk patients. Again, Merdad will share details later, but essentially, because of the way things have evolved, the standard-risk population is now better able to fight COVID-19 without antiviral therapy. This made it more difficult for obeldesivir to show a benefit compared to the placebo. We know that the world needs to be equipped for other viruses and the broad antiviral activity of obeldesivir shown preclinically means it has potential for other viral infections.

The updates we are expecting in 2024 have the potential to unlock multiple opportunities across Virology and Oncology. With a broad portfolio where the risk is balanced, we look forward to following the science and continuing to make a positive impact for patients and communities. Gilead has set an ambitious goal of delivering at least 10 transformative therapies by 2030, and we are driving confidently to that goal.

Before I hand over to the team for their updates, I'll move to slide 6 and recap that we executed well in 2023 and achieved all the remaining targeted goals that we expected to in the fourth quarter. We'll share our 2024 milestones later in the presentation, but it's clear that it's going to be a *very* busy year for Gilead. I'd like to thank the teams for their work in bringing us to this important catalyst-rich phase for the company, and for the strong commercial performance that gives us a firm foundation on which to build.

With that I will hand it over to Johanna.

Johanna Mercier, *Chief Commercial Officer*

Thanks Dan, and good afternoon, everyone.

Beginning on slide 8, total product sales for the full year were at the high-end of our guidance range at $26.9 billion, reflecting solid base business growth, with total product sales, excluding Veklury, up 7% year-over-year to $24.7 billion. This was almost entirely offset by the expected decline in Veklury sales.

For the full-year, Veklury sales were $2.2 billion, reflecting the uptick in hospitalizations at the end of 2023, though still below levels seen in 2022.

Turning to the fourth quarter on slide 9, total product sales were $7.1 billion, down 4% year-over-year. Our base business sales were roughly flat year-over-year at $6.3 billion, primarily driven by higher Oncology sales, offset by lower HIV sales due to changes in channel mix that resulted in lower average realized price, in addition to the expected decline of our portfolio of non-promoted products.

Moving to slide 10, our HIV business delivered very strong results for the *full-year*, up 6% year-over-year to $18.2 billion and contributing almost $1 billion in base business growth, primarily driven by demand, as well as higher average realized price due to channel mix and inventory dynamics.

More specifically, almost half of the full-year HIV growth was driven by higher demand, most notably by Biktarvy which delivered solid double-digit year-over-year growth of 14%, with annualized revenues now more than $12 billion. Already the clear market leader, Biktarvy continues to demonstrate impressive share gains, growing almost 3% year-over-year in the fourth quarter of 2023, to approximately 48% share in the U.S. This growth – once again – outpaced all other branded regimens for HIV treatment, and represented the 22nd quarter of consecutive year-over-year share gains.

For the *fourth quarter*, as highlighted on slide 11, HIV sales of $4.7 billion reflected strong demand in-line with our expectations. On a year-over-year basis, this was offset by lower average realized price due to channel mix that was notably favorable in the fourth quarter of 2022, and resulted in a decline of 2%. Sequentially, sales were up 1%, similarly driven by strong demand as well as favorable inventory dynamics, partially offset by lower average realized price due to channel mix.

As we have noted previously, the pricing tailwinds we saw in the second half of 2022 and the first half of 2023 are not expected to repeat, and will make year-over-year comparisons more challenging in the immediate term, as we saw in the fourth quarter.

As a reminder, quarterly HIV growth is – in general – significantly more variable and less indicative of overall trends than the full year, particularly as certain quarterly pricing and inventory dynamics tend to normalize over the course of the year. Factors include:

- First, gross-to-net adjustments which can be difficult to forecast due to the lag between product sales and claim payments that frequently occur in different quarters;

- Second, the timing of bulk government purchases which contribute to overall demand but can have a significant, negative impact on pricing in the quarter in which they occur. For example, certain discounted government segments are unpredictable in terms of bulk order timing, and this impacts overall average realized price; and,

- Finally, the inventory build by subchannel wholesalers and customers that typically occurs towards the end of the year. Historically, this happens in the fourth quarter. In 2023, we saw the build start in the third quarter and continue – albeit to a lesser extent relative to prior years – into the fourth quarter.

Overall, despite these quarterly variables, we remain confident that overall demand trends are strong and unchanged. With our HIV treatment market share above 70% in the U.S. and above 40% in PrEP, Gilead remains well-positioned to continue delivering demand-driven growth.

For 2024, we expect HIV sales to grow approximately 4%, reflecting:

- Annual treatment demand growth of 2 to 3%;
- Biktarvy market share gains; and
- Continued double-digit growth in demand for HIV prevention.

In terms of quarterly HIV revenue, keep in mind that the first quarter is always impacted by the reset of patient copays and deductibles. Additionally, we've historically seen inventory build-up in the fourth quarter that has led to notable draw-downs by wholesalers in the first quarter. In the first quarter of 2023, this contributed to HIV sales declining 12% sequentially, and we expect a similar decline in the 10 to 12% range for the first quarter of 2024.

The continued strong performance of both Biktarvy and Descovy for PrEP are shown on slide 12. Overall, Gilead's leadership in HIV is unmatched – with a solid commercial portfolio and robust pipeline of potentially best-in-class regimens to serve the daily oral, long-acting oral, and long-acting injectable markets. And I can share that we are off to a strong start in terms of HIV demand, which gives us confidence in our full year expectations for 2024.

Moving to Liver Disease on slide 13, sales of $2.8 billion for the full year highlight the consistently strong and stable contribution from our Liver Disease portfolio. In the fourth quarter, sales were $691 million, flat year-over-year and down 2% sequentially, primarily driven by unfavorable pricing dynamics, offset by higher HCV market share and our efforts to increase linkage to care, in addition to growing HDV demand in new and existing European geographies.

In HCV, we continue to reinforce Gilead's leadership with market share of over 60% in the U.S. and over 50% in Europe. While we continue to expect the rate of HCV new starts to trend downwards over time given the curative nature of our medicines, demand growth in both HDV and HBV is largely offsetting that headwind.

Onto slide 14, Veklury sales continue to be highly variable with the fourth quarter down 28% year-over-year, though up 13% sequentially due to higher COVID-related hospitalizations in the fourth quarter. For the full-year, Veklury sales of $2.2 billion exceeded the expectations we set out at the beginning of 2023.

Turning to slide 15, our Oncology business has achieved an annualized run-rate that now exceeds $3 billion with strong fourth quarter sales of $765 million, up 24% year-over-year. In just 3 years, Trodelvy revenue has grown to more than a billion dollars, and we continue to see strong growth across our approved indications. And in Cell Therapy, sales approached $2 billion in 2023 and Kite remains firmly established as the leading provider of CAR T-cell therapies globally.

Looking more closely at Trodelvy on slide 16, sales for the full year were $1.1 billion, up 56% year-over-year. For the fourth quarter, sales were $299 million, up 53% year-over-year and 5% sequentially. With over 30,000 patients treated to date, Trodelvy's solid demand trends continue to reinforce its robust clinical profile as the only TROP2-directed antibody-drug conjugate approved and available in multiple tumor types. Awareness and utilization continue to increase, driving notable share gains.

In second-line metastatic triple-negative breast cancer, approximately one-third of patients are receiving Trodelvy, reinforcing its position as the leading regimen across the U.S. and other major markets. In pre-treated HR+/HER2- metastatic breast cancer, we're encouraged to see share growth overall, driven by increasing adoption in the IHC0 setting as well as continued use in HER2-low.

Additionally, we look forward to potentially making Trodelvy more broadly available in metastatic bladder cancer. Data from the confirmatory Phase 3 TROPiCS-04 study in the first half of the year could enable global filings and subsequent launches, as well as potentially drive adoption in the U.S. – altogether expanding Trodelvy's potential reach to nearly 25,000 2L+ patients with metastatic bladder cancer.

Turning to slide 17, on behalf of Cindy and the Kite team, Cell Therapy sales of $1.9 billion in 2023 grew 28% from 2022, driven by impressive growth, particularly outside the U.S. as we expanded our network of authorized treatment centers, and secured reimbursement following recent approvals.

In the fourth quarter, Cell Therapy product sales were $466 million, up 11% year-over-year and down 4% sequentially, with strong growth in both Yescarta and Tecartus in Europe and other international markets, offset in part by near-term headwinds for Yescarta in the U.S. from both in-class and out-of-class competition.

As previously discussed, CAR T class share of eligible second-line plus large B-cell lymphoma patients remains at roughly 15% in the U.S. as growth continues to be slower-than-anticipated despite the compelling clinical data that suggests these therapies are potentially transformative for many patients. In Europe and other markets, CAR T class share in this same second-line plus setting continues to be stronger, at approximately 30%.

Following a restructuring in November, the Kite team has been focused on extending the reach of cell therapies from primarily academic medical centers to community practices, especially in the U.S. In late 2023, we established partnerships with leading community networks, which include over 1,750 physicians nationally. We are certifying affiliated practices to become authorized treatment centers to provide Kite cell therapies. So far, we've made notable headway across centers in the southeast United States, for example, that operate over 40 locations to serve cancer patients.

We expect to see the initial impact of these initiatives in mid-2024. In the meantime, we expect our cell therapy business to be flat to slightly up in the first quarter of 2024 compared to the fourth quarter of 2023.

Importantly, alongside our 96% reliability rate, we're also thrilled to share that we have shortened our manufacturing time in the U.S. by 2 days for Yescarta, bringing our anticipated median turnaround time to 14 days. This further extends our industry leadership in terms of manufacturing, and the Kite team continues to innovate in this critical element of the cell therapy business. We look forward to inviting you to visit one of our manufacturing facilities later this quarter during an analyst and investor event.

In conclusion, I would like to thank our teams for a strong 2023 performance and setting up such great momentum for continued growth in 2024. The team is excited to continue to make our medicines accessible to all those who can benefit from them.

With that, I'll hand the call over to Merdad.

Merdad Parsey, MD, PhD, *Chief Medical Officer*

Thank you, Johanna.

We have had a busy start to 2024, and I'll begin by discussing the results of our EVOKE-01 study in second-line plus metastatic non-small cell lung cancer and our Phase 3 OAKTREE study of obeldesivir in standard-risk, non-hospitalized patients with COVID-19.

While we are disappointed that these studies did not meet their primary endpoints, we are also encouraged by what we are learning from the data to inform our clinical programs and support our commitment to deliver innovative new therapies for patients.
Let me cover each of these readouts in turn.

First, on slide 19, our Phase 3 study of Trodelvy in 2L+ metastatic non-small cell lung cancer, EVOKE-01, missed its primary endpoint of overall survival in this hard-to-treat setting. We plan to share the detailed data at the earliest opportunity. In the meantime, we'd like to highlight what we believe to be important set of observations from EVOKE-01 that give us continued confidence in Trodelvy as a pipeline-in-a product and its potential to benefit some patients with lung cancer:

- We saw a numerical improvement favoring Trodelvy, including in patients with both squamous and non-squamous histologies. This is encouraging for our ongoing Phase 3 EVOKE-03 first-line trial evaluating Trodelvy in PD-L1 high patients, in combination with pembrolizumab.

- Importantly, Trodelvy continues to demonstrate a potentially differentiated safety, efficacy, and tolerability profile, with an adverse event profile that is consistent with our label.

- Further, Trodelvy achieved more than 3 months of improvement in median overall survival in a pre-specified subgroup of patients non-responsive to their prior anti-PD-(L)1 therapy. This subgroup is defined as those who achieved stable disease or progressive disease as their best outcome to last prior I/O therapy, and represented more than 60% of the trial population. This analysis was not alpha-controlled for formal statistical testing, and we are continuing to analyze these data. We will discuss these data with regulators and KOLs to determine the best path forward.

- As a reminder, we required all patients to have received prior I/O therapy, regardless of driver mutation status, and responsiveness to prior I/O was a stratification factor.

- Additional analyses, including TROP2 expression, are ongoing. We will share these data as quickly as possible.

Based on these observations and the data from the ongoing EVOKE-02 study, we remain confident in Trodelvy's potential in patients with metastatic non-small cell lung cancer. For now, given these findings, we currently do not plan changes to our Phase 3 EVOKE-03 study that is enrolling as expected.

Moving to slide 20, our novel twice-daily, oral antiviral, obeldesivir, did not demonstrate statistically significant symptom relief in standard-risk, non-hospitalized patients with COVID-19 in our Phase 3 OAKTREE trial. Obeldesivir was well-tolerated in this large study population, and we will share the data at a future medical meeting.

Overall, the OAKTREE results reflect the decreasing severity and duration of COVID-19 symptoms observed in standard-risk patients, driven by the evolution of variants and improved immunity to COVID-19 in our trial population. The time to symptom alleviation in untreated, standard-risk patients is now less than a week, as compared to almost two weeks at the peak of the pandemic.

As a result, it was challenging for obeldesivir to show a benefit in the standard-risk population. We continue to assess whether obeldesivir could address other virologic infections given the broad antiviral activity that we have observed in preclinical data.

Moving to another clinical update in Oncology, the Phase 3 ENHANCE-3 trial evaluating magrolimab in front-line unfit AML has been discontinued based on a futility analysis and a higher observed incidence of Grade 5 serious adverse events. Following the discontinuation of ENHANCE and ENHANCE-2 last year, we do not plan further development of magrolimab in hematologic cancers.

Wrapping up on clinical updates, I want to thank all those who were involved with EVOKE-01, OAKTREE and ENHANCE-3. Every trial adds important advancements in our understanding of the treatment of these diseases and will inform our future development plans. We look forward to sharing more on that in due course.

Transitioning to our HIV program on slide 21, we expect the Phase 3 readout of PURPOSE-1 evaluating lenacapavir for HIV prevention later this year. Along with PURPOSE-2 – expected in late 2024 or early 2025 – PURPOSE-1 forms the basis of our potential regulatory filing. We continue to target our first approval for lenacapavir for prevention as early as late 2025 – potentially making lenacapavir the first twice-yearly dosing regimen available for PrEP.

Looking at our HIV program more broadly, you can see we will be sharing at least 9 updates this year across our next generation daily, weekly, three-monthly, and twice-yearly programs – all based on lenacapavir, our novel, first-in-class long-acting capsid inhibitor.

We are excited to have over 75 presentations at CROI this year across Gilead-led and -supported studies. Among them, some notable updates from our treatment pipeline include:

- Encouraging data from our Phase 2 ARTISTRY-1 trial evaluating our lenacapavir and bictegravir once-daily oral. We are exploring this combination as a potential additional option for virologically suppressed people living with HIV;

- Phase 1 data on GS-1720, our once-weekly oral integrase inhibitor; and,

- Phase 2 data on lenacapavir plus islatravir, our once-weekly oral combination in development with Merck.

In the second half of this year, we look forward to providing an update on the Phase 2 trial evaluating lenacapavir plus bNAbs as a twice-yearly regimen.

Turning to Cell Therapy on slide 22, you may have seen that FDA recently proposed safety label changes for all approved CD19 and BCMA CAR T-cell therapies, including Yescarta and Tecartus. There is no change to our confidence in the benefit-risk profile of Yescarta and Tecartus. Based on analysis of our Global Safety Database, with over 16,800 patients treated with Yescarta, there has been no causal link established between Yescarta and those reported to the FDA public safety dashboard. Additionally, no cases of T-cell malignancies have been reported with Tecartus.

In the fourth quarter of last year, we presented 26 abstracts at the American Society of Hematology meeting in December, showing that Yescarta and Tecartus continue to generate some of the longest follow-up and most robust datasets for cell therapies with the potential to transform patient lives.

Also at ASH, our partner Arcellx presented impressive, updated data from the Phase 1 trial evaluating anito-cel in 38 patients with relapsed or refractory multiple myeloma. At a median follow-up of 26.5 months, median progression-free survival was not yet reached, despite 70% of patients having one or more high-risk prognosis factors. Given its potentially differentiated safety profile, with notably no delayed neurotoxicity to date, including parkinsonism, anito-cel has the potential to become the best-in-class BCMA CAR T. We look forward to sharing an update from the pivotal Phase 2 iMMagine-1 study and initiating an earlier-line multiple myeloma trial later this year.

In terms of manufacturing, while Kite is already the clear leader, we're pleased to highlight that the FDA approved our updated process that reduces the turnaround time for Yescarta in the U.S. from 16 days down to 14 days. This further extends our leadership in cell therapy and we continue to identify additional opportunities to reliably bring these much-needed therapies to more patients as quickly as possible. Beyond manufacturing, we have 8 ongoing cell therapy trials, of which 4 are evaluating new indications and 4 are exploring earlier lines of therapy.

As we formally wrap up 2023, on slide 23, I would like to acknowledge the work of our clinical teams who executed on our ambitious and broad portfolio that extends far beyond the list shown, including:

- The advancement of 8 new assets to the clinic;
- The delivery of 15 late-breaking oral presentations at major clinical congresses; and
- The initiation of 3 new Phase 3 programs.

For 2024, our targeted milestones laid out on slide 24, include:

- An update on ASCENT-03 in first-line PD-L1 negative metastatic triple-negative breast cancer;
- An update on TROPiCS-04 assessing overall survival in second-line metastatic or locally-advanced bladder cancer; and
- An update on our Phase 3 PURPOSE-1 trial assessing lenacapavir in HIV prevention, as previously highlighted.

We are also looking forward to the start of Phase 3 trials for Trodelvy in endometrial cancer, and the ARTISTRY trials evaluating lenacapavir and bictegravir oral combination for HIV treatment. Our commitment to develop innovative new therapeutic options is unchanged and we are confident that we will make progress on that commitment in 2024.

And now, I'll hand the call over to Andy.

Andrew Dickinson, *Chief Financial Officer*

Thank you Merdad, and good afternoon, everyone.

Starting on slide 26, we closed the year with total product sales of $26.9 billion, at the top-end of our guidance range due to a strong contribution from Veklury. For the full-year, total product sales, excluding Veklury, grew 7% driven by growth in both HIV and Oncology:

- HIV increased 6% year-over-year, driven by Biktarvy, which grew 14% from 2022 to $11.8 billion; and
- Oncology grew to $2.9 billion for the full year, an increase of $792 million, or 37% from 2022.

Altogether, total product sales, excluding Veklury were $24.7 billion – modestly below the lower-end of our full-year guidance range largely due to quarterly pricing variability in HIV in the fourth quarter.

Importantly, HIV volumes were in line with our expectations and we are confident in our full-year revenue growth expectations for HIV in 2024.

Veklury revenue of $2.2 billion exceeded our guidance of approximately $1.9 billion, and reflected higher hospitalization rates in the latter part of 2023. Compared to 2022, full year Veklury revenue declined as expected, and represented a headwind of more than $1.7 billion to total product sales. This was largely offset by almost $1.7 billion in growth from our base business, resulting in roughly flat total product sales year-over-year.

On slide 27, our non-GAAP results were largely as expected, including gross margin and operating expenses, notably R&D which showed disciplined moderation as we progressed through 2023.

Non-GAAP EPS was $6.72, and within our guidance range despite the incremental $0.10 cents of acquired IPR&D associated with the Arcellx and Compugen partnerships that we announced following our guidance revision in November 2023.

A quick note that our GAAP results were impacted by some restructuring expenses, primarily related to our manufacturing strategy and our activities at Kite. As we discussed in the later part of 2023, we have been taking steps to evolve our business model and expense structure to set us up for a strong 2024. As a result, our GAAP results reflect approximately $500 million of associated expenses in 2023, or $0.40 per share, and contributed to GAAP EPS of $4.50 for the full year.

Moving to our fourth quarter results starting on slide 28, total product sales, excluding Veklury, were $6.3 billion.

Including Veklury, total product sales of $7.1 billion were down 4% from the same quarter in 2022. As expected, Veklury sales decreased year-over-year due to lower rates of COVID-19 related hospitalizations.

On slide 29, you can see that on a non-GAAP basis:

- Product gross margin was 86%, down 66 basis points from the prior year;
- R&D expenses were $1.5 billion, down 6% year-over-year;
- Acquired IPR&D was $347 million, reflecting payments related to our collaborations with Arcellx, Assembly Biosciences, and Compugen and our XinThera acquisition;
- SG&A was $1.6 billion, down 21% year-over-year, primarily related to the 2022 charge for the termination of the Everest collaboration that did not repeat in 2023. Excluding this 2022 charge, non-GAAP SG&A was down 1%;
- Operating margin was 39%, up from 37% in the fourth quarter of 2022; and

- Effective tax rate in the fourth quarter was 17%, flat compared to the prior year.

Overall, our non-GAAP diluted earnings per share was $1.72 in the fourth quarter, compared to $1.67 cents in the fourth quarter of 2022.

I'll move now to slide 30 and our guidance which assumes a generally stable macro environment including FX at current rates.

For the full-year 2024:

- We expect Total Product Sales in the range of $27.1 to $27.5 billion.

- We expect Total Product Sales, excluding Veklury, in the range of $25.8 to $26.2 billion, representing growth of 4% to 6% for our base business year-over-year.

- Within Total Product Sales, and as Johanna discussed, we expect HIV revenue to grow approximately 4%, and

- We expect Veklury sales of approximately $1.3 billion although, as always, we caution you that Veklury sales remain highly variable depending on hospitalization rates. We do not expect to update our Veklury guidance until our third quarter earnings call, absent a very clear trend in COVID-19 infections.

Moving to the rest of the P&L, and on a non-GAAP basis:

- We expect product gross margin to range between 85% and 86%, modestly lower than the 86.1% reported in 2023 due to the growing contribution from our oncology portfolio;

- We expect R&D to grow by a low-to-mid-single digit percentage compared to 2023, highlighting the substantial moderation in expense growth as we approach a steadier state of active phase 3 programs;

- We expect acquired IPR&D to be approximately $350 million. Consistent with our approach in 2023, we will highlight incremental acquired IPR&D expenses as we announce new transactions and update our guidance each quarter; and

- We expect SG&A to decline by a mid-single digit percentage compared to 2023. Excluding the $525 million legal settlement in 2023, we expect SG&A to grow in the low-to-mid single digit percentage range compared to SG&A of $5.5 billion in 2023, excluding this settlement.

As a result:

- We expect our operating income for 2024 to be between $11.2 and $11.7 billion.
- We expect our effective tax rate to be approximately 19%.
- And finally, we expect our non-GAAP diluted EPS to be between $6.85 and $7.25 for the full year, and GAAP diluted EPS to be between $5.15 and $5.55.

As a reminder, for the first quarter of 2024, we expect:

- HIV to decline sequentially in the 10-12% range from Q423, similar to what we saw in Q123; and
- Cell therapy to be flat to slightly up from Q423.

Moving to capital allocation on slide 31, our priorities have not changed. In 2023, we returned $4.8 billion to shareholders. This included $3.8 billion in dividend payments and $1 billion in share repurchases. Fourth quarter share repurchases were $150 million.

For 2024, we announced today a 2.7% increase in our quarterly cash dividend – to 77 cents per share and we remain committed to growing our dividend over time, in-line with earnings growth. You can also expect to see continued investments in our business both internally and externally through select partnerships and business development transactions. Finally, we will continue to utilize share repurchases to offset equity dilution, as well as additional repurchases on an opportunistic basis.

With that, I'll invite the Operator to begin the Q&A.