

INCYTE CORP
Form 10-Q
November 03, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2015

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 0-27488

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INCYTE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	94-3136539 (IRS Employer Identification No.)
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1801 Augustine Cut-Off

Wilmington, DE 19803 (Address of principal executive offices)	19803 (Zip Code)
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(302) 498-6700

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of outstanding shares of the registrant's Common Stock, \$0.001 par value, was 186,001,815 as of October 23, 2015.

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PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

INCYTE CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except number of shares and par value)

	September 30, 2015 (unaudited)	December 31, 2014*
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 445,801	\$ 452,297
Marketable securities—available-for-sale	189,244	147,966
Restricted cash and investments	517	500
Accounts receivable	86,966	57,933
Inventory	2,428	358
Deferred income taxes	9,712	19,641
Prepaid expenses and other current assets	23,246	20,519
Total current assets	757,914	699,214
Restricted cash and investments	18,111	14,000
Long term investment	35,714	—
Inventory	17,838	19,078
Property and equipment, net	83,186	81,790
Other assets, net	19,169	15,987
Total assets	\$ 931,932	\$ 830,069
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 27,366	\$ 24,462
Accrued compensation	30,070	34,422
Interest payable	3,316	1,841
Accrued and other current liabilities	82,209	62,270
Deferred revenue—collaborative agreements	12,857	12,880
Convertible senior notes	5	85,640
Total current liabilities	155,823	221,515
Convertible senior notes	623,928	603,478
Other liabilities	50,863	54,552
Deferred income taxes	9,712	19,641

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Deferred revenue—collaborative agreements	2,869	12,511
Total liabilities	843,195	911,697
Stockholders' equity (deficit):		
Preferred stock, \$0.001 par value; 5,000,000 shares authorized; none issued or outstanding as of September 30, 2015 and December 31, 2014	—	—
Common stock, \$0.001 par value; 400,000,000 shares authorized; 185,956,247 and 170,876,619 shares issued and outstanding as of September 30, 2015 and December 31, 2014, respectively	186	171
Additional paid-in capital	1,922,989	1,701,904
Accumulated other comprehensive (loss) income	(275)	1,815
Accumulated deficit	(1,834,163)	(1,785,518)
Total stockholders' equity (deficit)	88,737	(81,628)
Total liabilities and stockholders' equity (deficit)	\$ 931,932	\$ 830,069

* The condensed consolidated balance sheet at December 31, 2014 has been derived from the audited financial statements at that date.

See accompanying notes.

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INCYTE CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited, in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues:				
Product revenues, net	\$ 161,259	\$ 97,837	\$ 418,994	\$ 251,513
Product royalty revenues	18,138	12,093	51,175	34,259
Contract revenues	8,214	88,214	39,643	101,643
Other revenues	—	3	58	107
Total revenues	187,611	198,147	509,870	387,522
Costs and expenses:				
Cost of product revenues	8,040	221	17,268	576
Research and development	132,073	88,537	362,882	248,806
Selling, general and administrative	47,599	39,446	144,147	117,320
Total costs and expenses	187,712	128,204	524,297	366,702
Income (loss) from operations	(101)	69,943	(14,427)	20,820
Interest and other income, net	3,026	885	5,800	2,410
Interest expense	(11,209)	(11,463)		