

# Galapagos

## Full Year Results 2017

Webcast presentation | 23 February 2018



# Disclaimer

This presentation contains forward-looking statements, including (without limitation) statements concerning the progress of our clinical pipeline, the slides captioned "Advancing our innovation to market," "Building the filgotinib franchise," "Target profile filgotinib," "FINCH Ph3 design for RA," "Filgotinib in psoriatic arthritis," "Filgotinib in ankylosing spondylitis," "Building an IPF franchise," "CF approach to triple combo," "Pelican," "MOR106 for AtD," "Guidance 2018," and "2018 late stage clinical news flow," statements regarding the development of the triple combination therapy CF program, statements regarding the expected timing, design and readouts of ongoing and planned clinical trials (i) with filgotinib in RA, IBD, and other potential indications, (ii) in the CF program, (iii) with GLPG1690 and GLPG1205 in IPF, (iv) with GLPG1972 in OA, (v) with MOR106 in atopic dermatitis, and expectations regarding the commercial potential of our product candidates and our investment in our commercial capabilities. When used in this presentation, the words "anticipate," "believe," "can," "could," "estimate," "expect," "intend," "is designed to," "may," "might," "will," "plan," "potential," "possible," "predict," "objective," "should," and similar expressions are intended to identify forward-looking statements.

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# 2017 Annual Results

- **Operational highlights**
  - Onno van de Stolpe, CEO
  - Walid Abi-Saab, CMO
  - Piet Wigerinck, CSO
- Financial highlights
  - Bart Filius, COO & CFO
- 2018 Outlook
  - Onno van de Stolpe, CEO



# Delivery in 2017

## **Filgotinib**

- New trials in 8 new indications
- DARWIN 3 results confirm profile in RA
- Building commercial organization with Gilead

## **IPF**

- Halt of disease progression in FLORA
- Franchise of 3 proprietary novel assets

## **CF**

- '2222 active in ALBATROSS & FLAMINGO
- Preparation for FALCON triple combo trial

## **Expanding pipeline**

- Strong activity with MOR106 in AtD patients
- Biomarker reduction with '1972 in OA patients

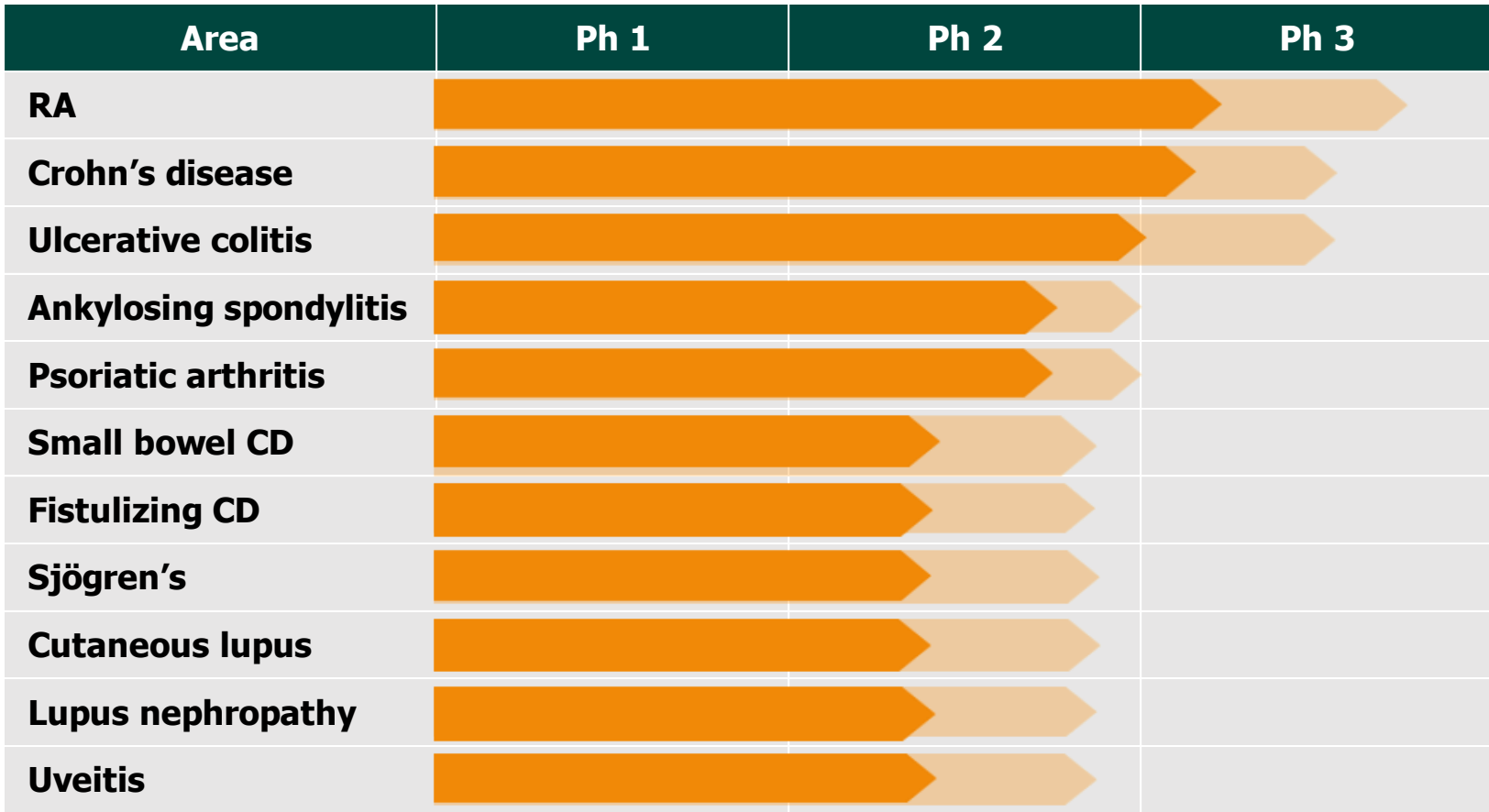


# Advancing our innovation to market





# Building the filgotinib franchise



■ Status Jan '18    ■ Expected progress in 2018



# Ambition with filgotinib

## TOLERABILITY

most selective JAK1  
>2000 PYE  
strong biomarker &  
AE profile

## ACTIVITY

strong in RA  
strong in CD in  
biologic naive  
rapid onset &  
sustained response

## CONVENIENCE

once-daily oral  
monotherapy

*Note: potential indicated here is based on Ph2 filgotinib data, no head to head comparison studies, filgotinib is an investigational candidate drug*



# FINCH Ph3 design for RA

100 and 200 mg



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## FINCH 1: MTX - IR

1,650

52 weeks

ACR20 at W12  
MTX add-on  
adalimumab control  
radiographic assessment

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## FINCH 2: biologic - IR

423

24 weeks

ACR20 at W12  
cDMARD add-on

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## FINCH 3: MTX naive

1,200

52 weeks

ACR20 at W24  
monotherapy, +MTX arms  
radiographic assessment

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FINCH 2 topline expected H2 '18;  
recruitment completion expected FINCH 1 (Q2) & FINCH 3 (Q3)





# DIVERSITY & SELECTION in IBD

100 and 200 mg



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## DIVERSITY 1

Crohn's Ph3  
1,320 pts

58 weeks

PRO2, endoscopic response  
Induction & maintenance

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## DIVERSITY 2

Long term extension study

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## SELECTION 1

UC Ph2/3  
1,300 pts

58 weeks

Mayo score components  
Induction & maintenance

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## SELECTION 2

Long term extension study

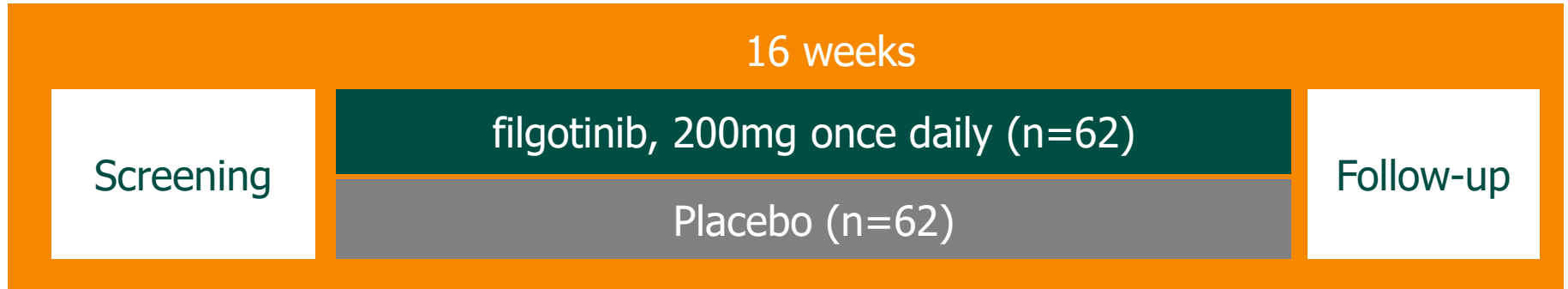
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Interim decision SELECTION expected H1 '18;  
recruitment completion DIVERSITY expected H2 '19



# Filgotinib in psoriatic arthritis

## EQUATOR trial fully recruited

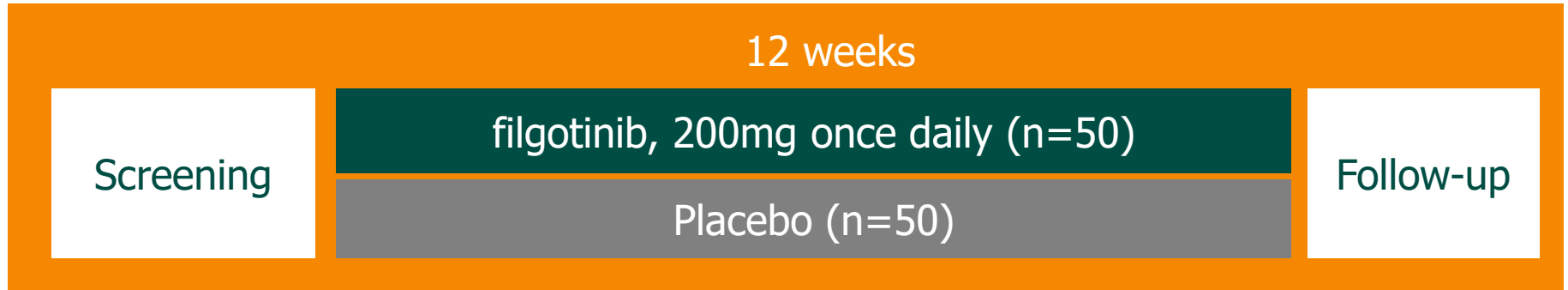


- Patients with moderate to severe psoriatic arthritis
- Recruitment in 8 European countries
- Primary objective: ACR20 at week 16
- Expected completion Q2 '18



# Filgotinib in ankylosing spondylitis

## TORTUGA trial fully recruited



- Patients with moderate to severe ankylosing spondylitis
- Recruitment in 8 European countries
- Primary objective: Ankylosing Spondylitis Disease Activity Score (ASDAS) at week 12
- Expected completion H2 '18



# Building an IPF franchise

Drug (MoA)	Pre-clinical	Ph 1	Ph 2	Ph 3
'1690 (Autotaxin)	Status Jan '18			Expected progress in 2018
'1205 (GPR84)	Status Jan '18		Expected progress in 2018	
'3499	Status Jan '18	Expected progress in 2018		

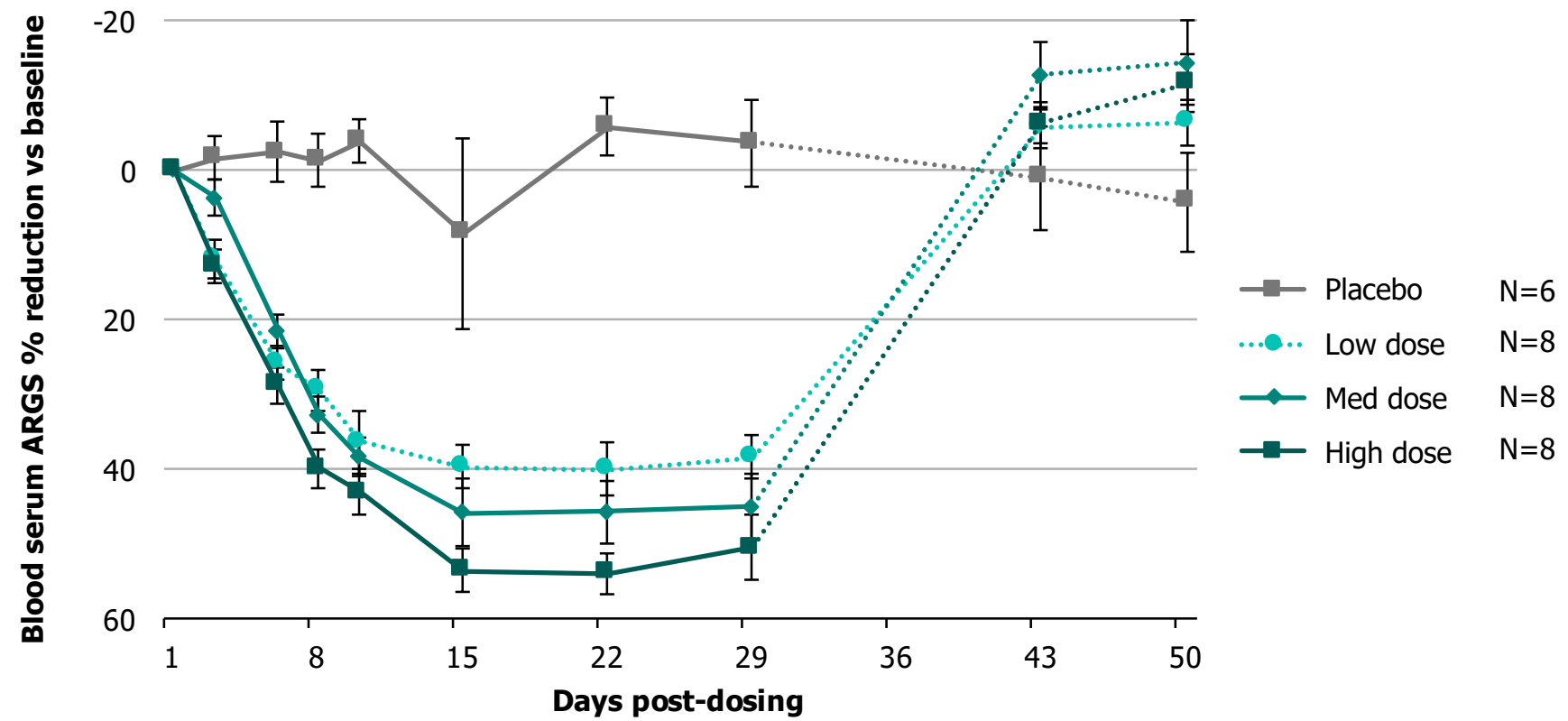
➤ Status Jan '18    ➤ Expected progress in 2018

- Fully proprietary, oral therapies
- Three novel modes of action to address unmet need
- Opportunity to investigate combinations

GLPG to commercialize IPF assets

# '1972 Ph1b in OA patients

## Strong biomarker reduction

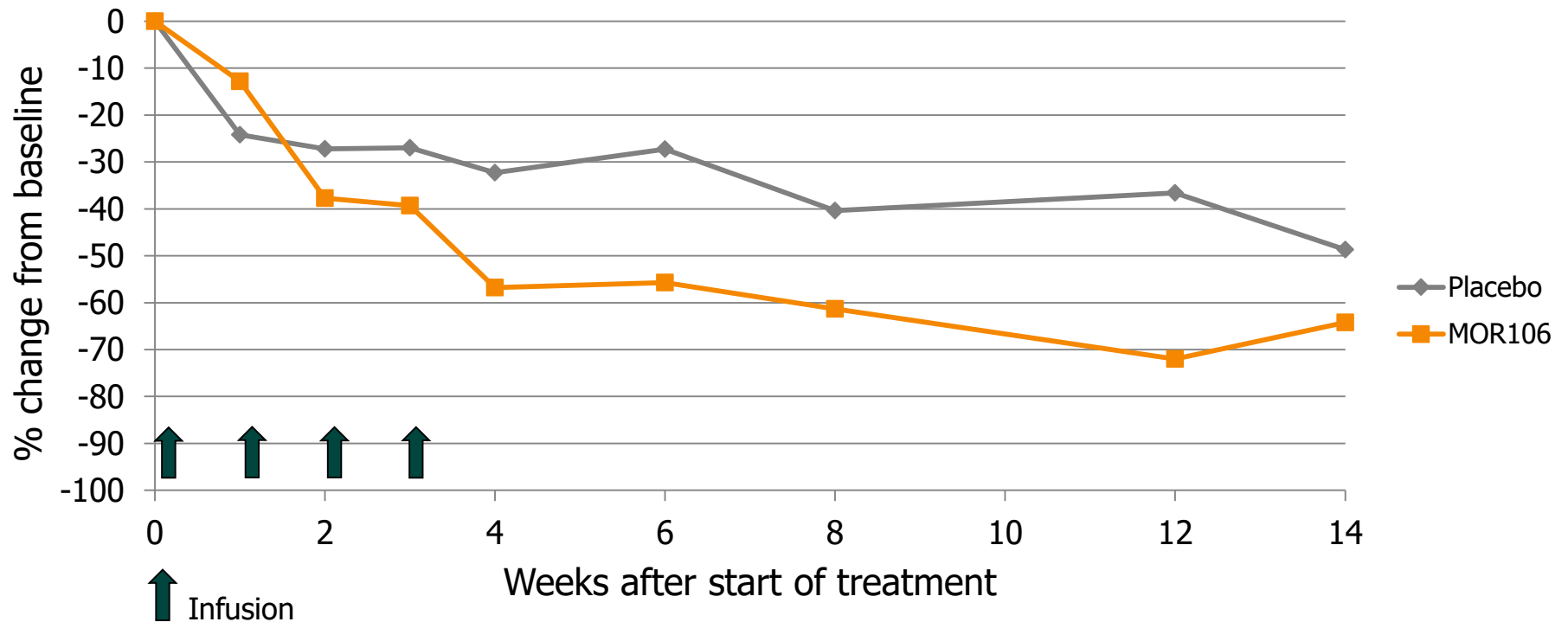


Dose-dependent reduction of ARGs, well-tolerated in OA patients



# MOR106 Ph1b

EASI, % change from baseline, pooled data, median





# CF approach to triple combo

*2005 - today*

**Discover novel correctors  
& potentiators**

**Validate individual components in patients:**

**Potentiator: SAPHIRA** ✓

**C1: ALBATROSS, FLAMINGO** ✓

**C2: PELICAN**

*2018 -*

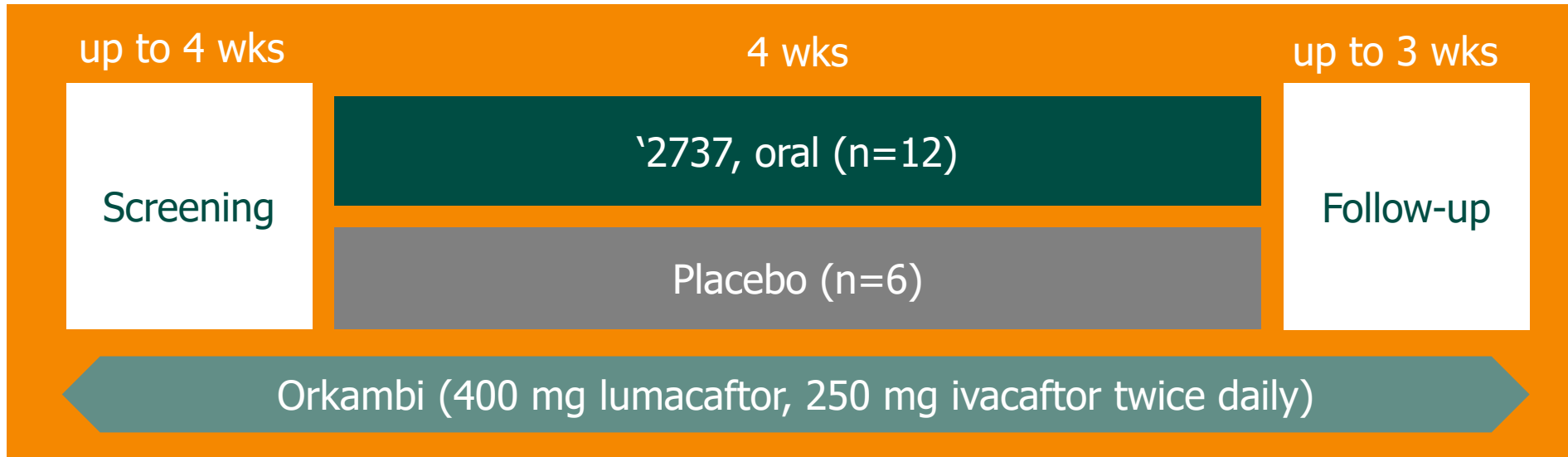
**Validate triple combo  
in patients**

**Comprehensive clinical network  
Multiple triples in patient studies  
Triple studies in US & Europe**

- >130 patients, 10 countries, >60 sites in studies to date
- Interim results of 1<sup>st</sup> triple therapy in patients expected mid '18
- 2<sup>nd</sup> triple therapy completed dosing in healthy volunteers



# PELICAN



- Adult CF patients homozygous for F508del mutation
- Patients remain on stable dose of Orkambi
- 10 sites in Germany
- Primary endpoints: safety & tolerability
- Secondary endpoints: sweat chloride, FEV1, CFQ-R

Fully recruited; topline expected Q2 '18



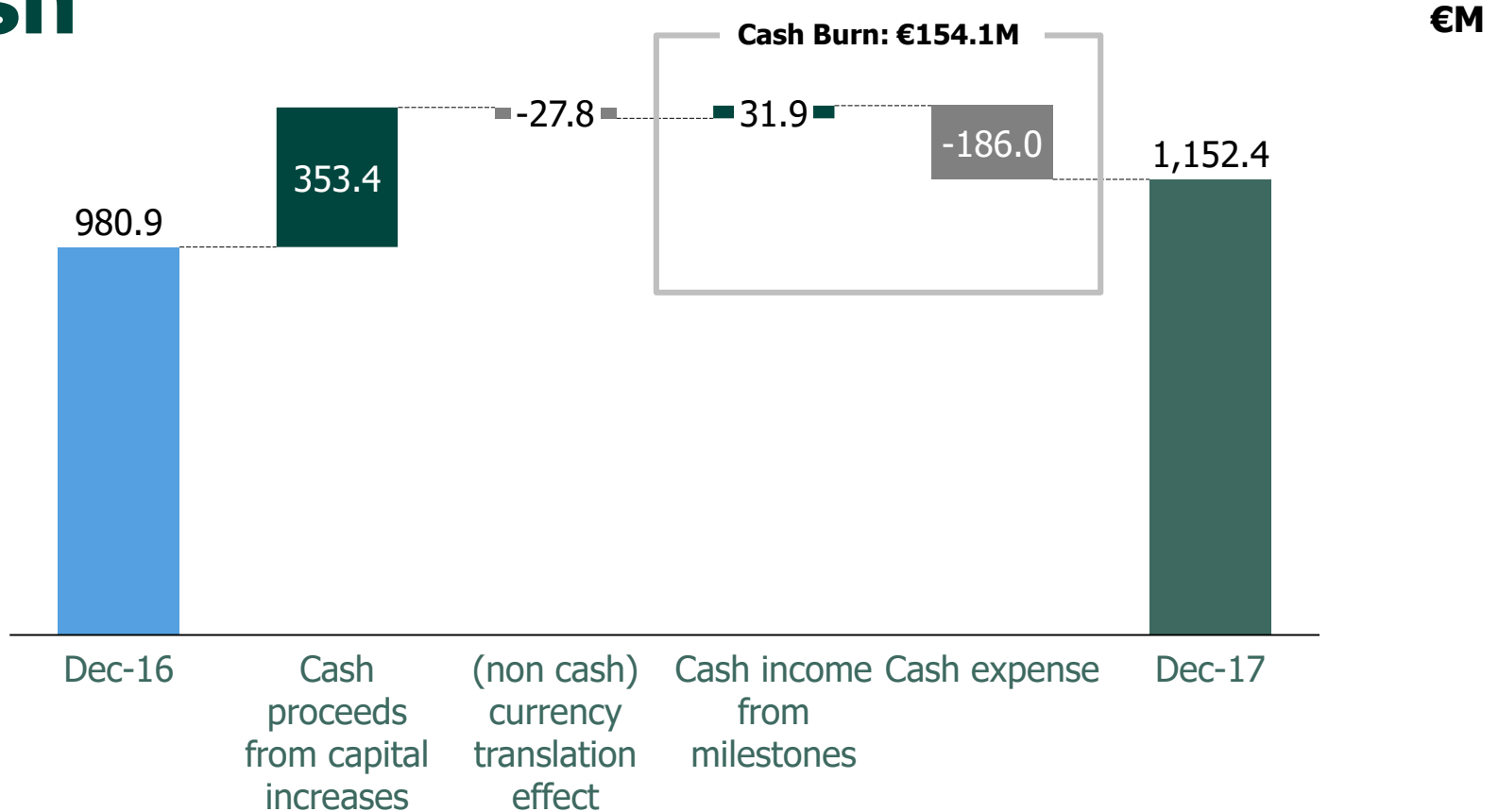


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# Cash, cash equivalents & restricted cash



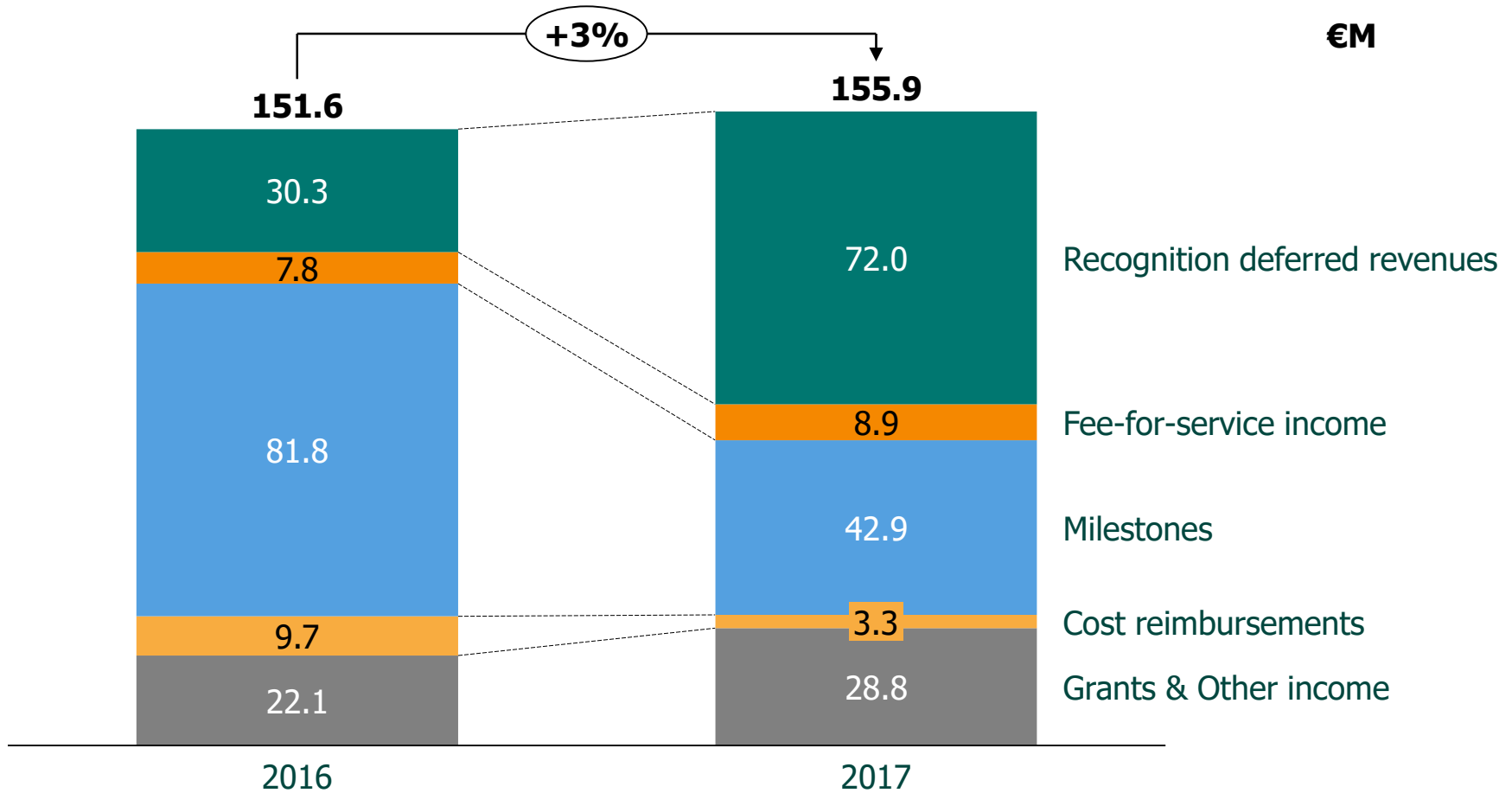
Cash burn of €154M, cash of ≈€1.15B end of Dec

Notes:

- includes restricted cash of €7.7 M in Dec '16 and €1.2 M in Dec '17
- excluding tax receivable from Belgian & French governments of €75.8 M in Dec '17



# Revenues and other income

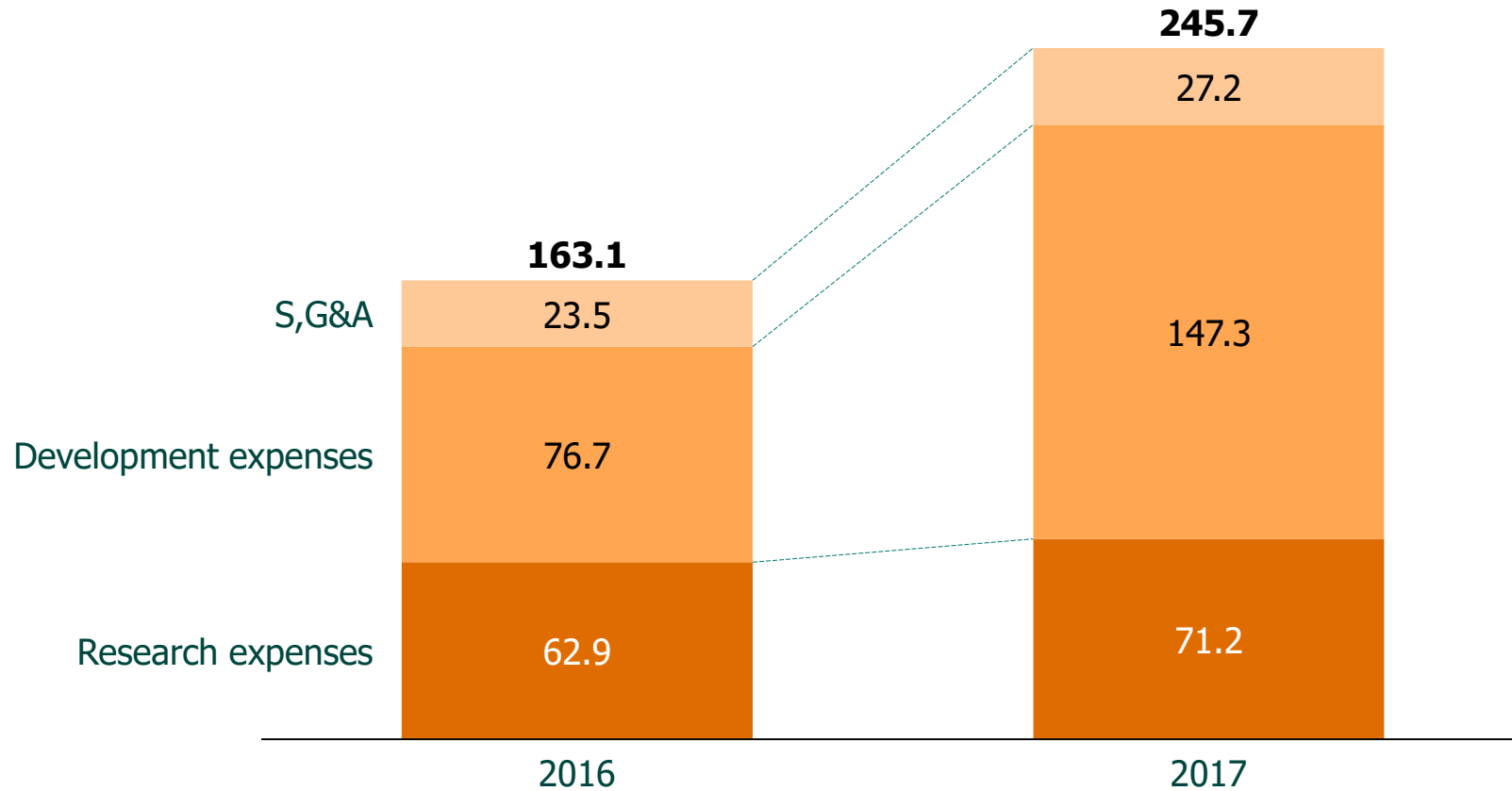


Income increases by 3%, mainly driven by filgotinib



# Operating expenses

€M

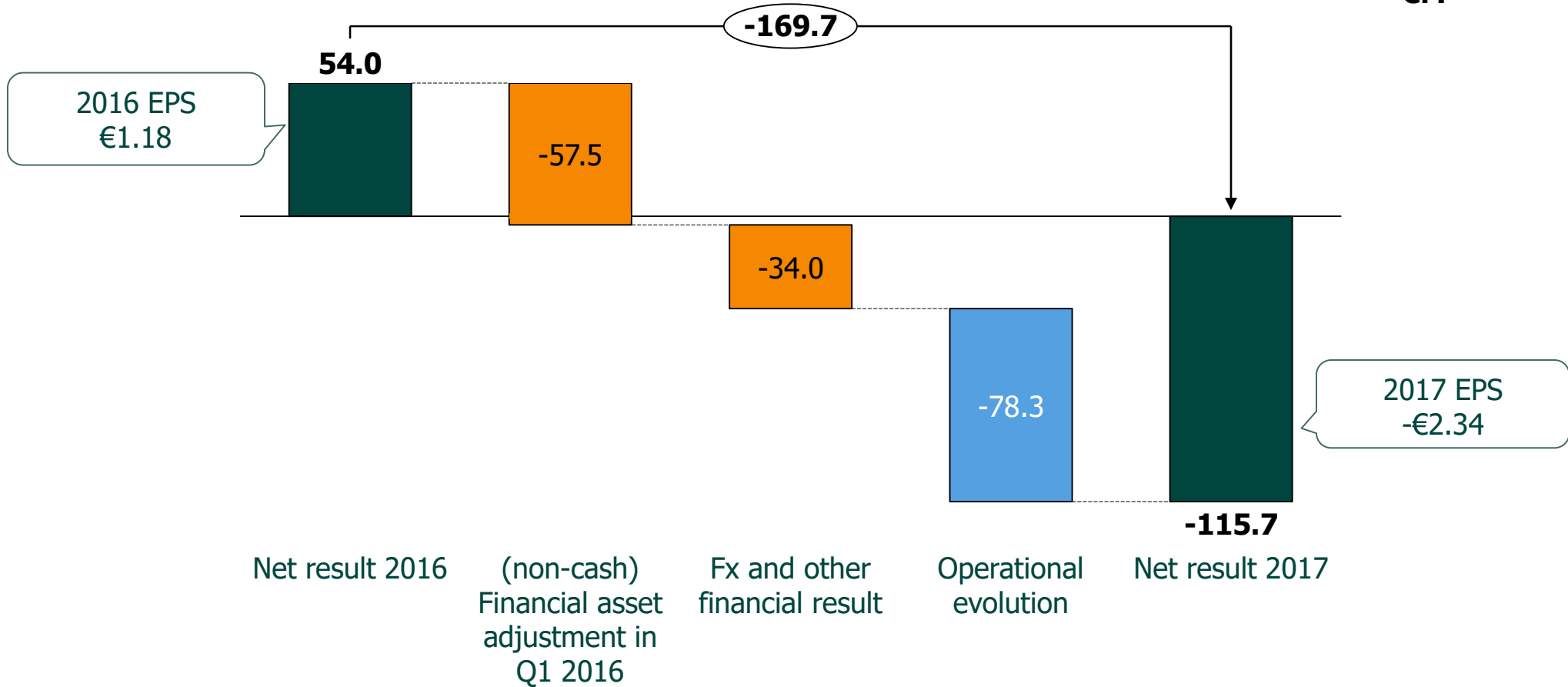


Operating expenses increase in filgotinib, CF, and proprietary programs



# Net result & earnings per share

€M



Net loss of €115.7M



# Update on Belgian tax regime

	<i>Old:</i> <b>Patent Income Deduction (PID)</b>	<i>New:</i> <b>Innovation Income Deduction (IID)</b>
Application	Tax base reduction on patent related income (upfront, milestones, (embedded) royalties); e.g. filgotinib, CF	
Deduction	80% of gross revenues	85% of net revenues
Carry-forward	No	Yes
Belgian corporate tax rate	2016: 34%	2020: 25%
<b>Effective tax rate</b>	<b>6.8%</b>	<b>3.75%</b>



# Guidance 2018

- Operating cash burn between €220 - 240 million
  - cash-flow from operations and investing
  - includes cash income and R&D investments
  - reflects an increase in spending in filgotinib, GLPG1690, CF and other proprietary programs



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# 2018 late-stage clinical newsflow

## TRIAL INITIATIONS

Late stage `1690 in IPF

Ph2 `1205 in IPF

CF 1<sup>st</sup> triple (FALCON)

Ph2 2<sup>nd</sup> CF triple combo

Ph2 `1972 in OA in US

Ph2 MOR106 in AtD

## POC DATA

Filgotinib in PsoA  
(EQUATOR)

Filgotinib in AS  
(TORTUGA)

CF PELICAN

CF FALCON

## PIVOTAL DATA

Filgotinib in RA  
(FINCH 2)

Filgotinib interim UC  
(SELECTION, go/no go)

Recruitment completed  
for FINCH 1, FINCH 3