



For Immediate Release

November 10, 2005

Galapagos announces third quarter 2005 results

- Acquisition of BioFocus completed, integration progresses as planned
- Galapagos year to date revenues 8% below last year's revenues, but cash burn in line with forecast
- Revenue guidance for 4Q '05 of € 7.7 million, full year cash burn of € 7 million
- Strong cash position of € 25 million on Sept. 30, 2005
- Management further strengthened with appointment of David Smith as CFO
- New partnerships underscore competitive position in services business
- Promising in vivo data on proprietary drug discovery programs reported –
 Galapagos rheumatoid arthritis target validated
- Optimistic outlook for partnering deals and library sales in 4Q

Mechelen, Belgium; November 10, 2005 - Galapagos NV (Euronext & LSE: GLPG) today announced its financial results for the first nine months of 2005.

Total revenue for the first nine months of 2005 amounted to € 3.3 million, compared to € 3.6 million in the first nine months of 2004, due to a decrease in custom adenovirus orders delivered in this period. The net loss for the first half of 2005 increased to € 5.7 million from € 4.3 million in the same period last year, reflecting stepped up R&D program investment. Cash and cash equivalents amounted to € 25.1 million on September 30, 2005.

"We have had an exciting quarter with the acquisition of BioFocus. We also have seen good service revenues but a slower custom adenovirus business. With our order portfolio, we expect to recoup some of these sales in the fourth quarter. We are optimistic on closing further deals this quarter, especially as we now have a joint sales offering with BioFocus. Consolidating their activities, we can give revenue guidance of \in 7.7 million for the last quarter of 2005. We have taken adequate cost control measures in order to offset the slower-than-expected third quarter sales; consequently, we remain on track to meet our full year 2005 cash burn guidance of \in 7 million," said Onno van de Stolpe, Galapagos' CEO. "Having seen the first very promising *in vivo* data from our rheumatoid arthritis program, we are excited about the progress in our drug discovery programs and expect to move forward rapidly toward demonstrating our first *in vivo* proof of concept."





Key figures for first nine months 2005

(€ thousand, except net loss per share)

	Sept 30, 2005	Sept 30, 2004	% change
Revenue	3,292	3,586	-8%
Loss from operations	-5,812	-4,356	33%
Finance income	106	9	
Loss before taxes	-5,706	-4,347	31%
Taxes	32	5	
Net loss for the period	-5,674	-4,341	30%
Basic loss per share (€)	-0.75	-0.73	
Cash and cash equivalents	25,113	9,522	

Details of financial results for first nine months 2005

Note: Consolidation of BioFocus results will start on October 12, 2005, to be published in Galapagos' Full Year 2005 Results on March 3, 2006.

Revenue

Galapagos' revenues for the first nine months of 2005 amounted to \in 3.3 million, a decrease of 8% on the \in 3.6 million recorded in the same period of 2004.

Galadeno service division revenues amounted to \in 1.7 million for the first nine months compared to \in 1.9 million for the same period in 2004.

Government grants in the period were \in 1.6 million compared to \in 1.7 million in the same period last year.

The decrease in service division revenues compared to last year is the result of fewer deliveries in the custom adenovirus business. Deliveries are expected to increase in the fourth quarter, allowing us to recoup some of these revenues. Following the BioFocus acquisition, we have decided to review the merits of pursuing medicinal chemistry work on the Alzheimer program inhouse, thereby increasing the value of these targets. We have therefore decided to delay the out-licensing of the Alzheimer program, which is likely to decrease our fourth quarter 2005 contract revenues compared to the same period last year. Guidance for consolidated revenues for fourth quarter 2005 is € 7.7 million.

Results

The net loss for the first nine months of 2005 was \in 5.7 million, or \in 0.75 per share, an increase of \in 1.4 million from the \in 4.3 million, or \in 0.73 per share for the first nine months of 2004.

Total research and development expenses in the first nine months of 2005 were € 4.8 million, compared to € 3.9 million in the same period 2004. The additional investment in R&D programs includes additional chemistry on our product development, including stepped up outsourcing.





Selling, general and administrative expenses increased slightly to € 3.2 million in the first nine months of 2005 when compared to the € 3.0 million in the same period of 2004.

Cash flow and cash position

A net increase of \in 14.8 million in cash and cash equivalents was recorded during the first nine months of 2005 (\in 25.1 million compared to \in 10.3 million at the end of 2004). Cash used in operations was \in 5.1 million, on track for this year's projected cash burn of \in 7.0 million. Furthermore, total lease payments made and investments in equipment amounted to \in 0.8 million. Galapagos raised \in 22.4 million in a public offering priced at \in 7 per share, amounting to a net cash contribution of \in 20.7 million.

Galapagos' cash and cash equivalents amounted to € 25.1 million on September 30, 2005.

Corporate highlights

- Acquisition of BioFocus plc completed
- Listing on the AiM London
- Management further strengthened
- US patent protecting target discovery platform
- Boston sales office opened

In September 2005, Galapagos announced an all share offer for BioFocus plc in the UK. The strategic rationale for the offer was that BioFocus' expertise in chemistry, lead discovery and lead optimization will greatly accelerate the progress of Galapagos' programs and assist in Galapagos' transition to a fully integrated drug development biopharmaceutical company. Additionally, the Enlarged Group would be well positioned to provide a suite of complementary biology and chemistry services to a broad base of customers, offering turnkey projects from target discovery to lead delivery.

Galapagos' offer for BioFocus became wholly unconditional on October 17, 2005. Galapagos shares were admitted to trading on the London Stock Exchange's Alternative Investment Market (AiM) on October 20, 2005. On October 27, 2005, Galapagos announced that acceptances had been received for over 92% of the BioFocus shares, and the offer for BioFocus was closed.

Following the completion of the acquisition of BioFocus, a number of appointments were made. Chris Newton, previous Chief Operating Officer of BioFocus, and David Phillips, previous Chief Business Officer of BioFocus, have joined the Executive Committee of Galapagos as Senior VP BioFocus and Senior VP Sales & Marketing, respectively. Also as a result of the acquisition, Galapagos' Board of Directors will be strengthened by Geoff McMillan, previous CEO of BioFocus and David Stone, previous Chairman of BioFocus, as non-executive Directors.

David Smith was appointed as Chief Financial Officer of Galapagos and will fulfill his role starting February 1, 2006. David joins from AstraZeneca Netherlands, where he was Chief Financial Officer.

Galapagos announced that its IP position was strengthened further by receiving its third U.S. patent for its target discovery platform. This patent protects the Company's adenoviral gene knock-down (SilenceSelect®) and gene knock-in (FLeXSelect®) collections, the core of multiple target discovery deals with pharmaceutical and biotech companies as well as patient organizations.





Additionally, Galapagos has opened a sales office in Boston, US, as of November 1, to support its sales and marketing activities. This office is headed by Nathalie Joly, BioFocus' Director Business Development, North America.

Operational highlights

Partnering activities

- Chemical library supply and medicinal chemistry services deal with Serono (Switzerland) (signed in fourth quarter)
- Target discovery alliance with High Q Foundation (US) for Huntington disease
- Research collaboration with Novartis Pharmaceuticals (UK)
- Research collaboration with Amsterdam Molecular Therapeutics, Netherlands Institute for Brain Research and Vrije Universiteit Amsterdam
- BioFocus product offering broadened with two new compound libraries and increased ion channel screening capabilities.

Galapagos is optimistic regarding the opportunities to close further partnering deals and library sales in the remaining period of the year.

Integration

With the acquisition of BioFocus, the integration with Galapagos' partnering unit Galadeno is underway, and the integrated services unit now operates under the BioFocus brand name. BioFocus provides reagents and gene-to-preclinical drug discovery services to a broad base of customers throughout the global pharmaceutical and biotechnology industries. Several deal synergies and cross selling opportunities to our complementary client bases were identified and are being pursued actively.

Galapagos drug discovery

- First in vivo results in proprietary rheumatoid arthritis program proprietary target validated
- Drug discovery collaboration with ZoBio, Pyxis and Leiden University, supported by Dutch government grant of € 1.2 million
- Alzheimer targets move into proof of principle studies

Galapagos focuses on bone and joint diseases to build a pipeline of new chemical entities to treat these diseases. The company's most advanced drug discovery program is in the area of rheumatoid arthritis and focuses on proprietary targets whose modulation significantly diminishes joint destruction and where the medicine has a clear benefit over existing therapies. The market for autoimmune diseases, including rheumatoid arthritis, currently exceeds \in 7 billion and is expected to grow to \in 14 billion in the next few years. Galapagos started its drug discovery program 14 months ago. The *in vivo* proof of concept study currently underway investigates how a compound developed against one of Galapagos' proprietary targets reduces paw swelling in a well-established mouse arthritis model. Our results today show a significant and important reduction in disease causing cytokines such as TNFa, providing the first *in vivo* validation of a Galapagos target for rheumatoid arthritis.

The collaboration with ZoBio, Pyxis Discovery and Leiden University, which was announced in August 2005 has enabled Galapagos to take advantage of cutting-edge drug discovery technology in the progression of one of its proprietary targets in arthritis. As part of the \in 1.2





million government grant for the collaboration, Galapagos receives € 550k in support of this program.

As further support to out-licensing efforts, we will combine the required expertise of BioFocus in medicinal chemistry with our proprietary Alzheimer targets, thereby creating additional value for these targets.

Conference call and webcast presentation

Galapagos will conduct a conference call open to the public today at 09.30 Central European Time (CET), which will also be webcast. To participate in the conference call, please call +32 2290 1608 ten minutes prior to commencement. A question and answer session will follow the presentation of the results. The live audio webcast can be accessed via Galapagos' website at www.glpg.com, and will be available for replay a few minutes after the live version airs.

About Galapagos

Galapagos is a publicly traded, genomics-based drug discovery company (Euronext Brussels: GLPG; Euronext Amsterdam: GLPGA, London AiM: GLPG) that has drug discovery programs based on proprietary, novel targets in the bone and joint diseases - osteoarthritis, osteoporosis and rheumatoid arthritis. Galapagos offers a full suite of target-to-drug discovery products and services to pharmaceutical and biotech companies through its division BioFocus, encompassing target discovery and validation, and drug discovery services through to delivery of pre-clinical candidates. In addition, BioFocus provides adenoviral reagents for rapid identification and validation of novel drug targets and compound libraries for screening. Galapagos currently employs 193 people, including 74 PhDs, and occupies facilities in Mechelen, Belgium, Saffron Walden, UK and Leiden, The Netherlands. The partners of Galapagos include Amgen, AstraZeneca, Bayer, Boehringer Ingelheim, Celgene, GlaxoSmithKline, Novartis, Organon, Serono, Vertex, and Wyeth. More information about Galapagos and BioFocus can be found at www.glpg.com.

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