

Regulated information

3 August 2012

Galapagos delivers solid half year results 2012
Patients for GLPG0634 Phase 2a study now fully recruited

- Group revenues €64.5 M compared to €39.7 M in H1 2011 (+62%)
- Group net loss €11.3 M compared to €27.7 M loss last year
- Cash position of €122.6 M on 30 June 2012
- Service division external revenues €32.9 M compared to €24 M last year (+37%)
- Services EBITDA €5.7 M compared to €3.7 M last year (+54%)
- Full year guidance reiterated: €150 M in revenues, positive operating result and cash flow, and net profitability

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Mechelen, Belgium; 3 August 2012 – Galapagos NV (Euronext: GLPG) announces its unaudited half year results and maintains guidance for the full year 2012.

“Galapagos delivered strong results in the first half year, both operationally and financially. The Company is well on track in its global collaboration with Abbott to develop and commercialize GLPG0634. Patient recruitment for the Phase 2a dose-range finding study is complete, and we will announce topline results before year end. The Service division continues to deliver excellent growth in external sales and healthy margins in the first half of 2012. Galapagos is moving its own R&D programs forward and executing as planned to meet financial guidance given earlier this year,” said Galapagos CEO, Onno van de Stolpe.

Key figures half year 2012
 (€ millions, except net loss per share)

	30 June 2012	Continuing Operations 30 June 2011	Change
Revenues	64.5	39.7	24.8
Services cost of sales	-25.0	-18.0	-7.0
Gross profit	39.5	21.7	17.8
R&D expenditure	-35.9	-42.4	6.5
General & administrative	-11.9	-11.0	-0.9
Sales & marketing	-1.1	-1.1	-
Restructuring & integration costs	-0.4	-	-0.4
Result on liquidation	-2.9	-	-2.9
Result on divestment	-	5.9	-5.9
Operating loss	-12.6	-26.8	14.2
Net loss for the period	-11.3	-27.7	16.4
Basic loss per share (€)	-0.43	-1.05	0.62
Cash and cash equivalents	122.6	49.8	72.8

Note: In the column for H1 2011, continuing operations exclude the compound management business of BioFocus (Compound Focus Inc., based in South San Francisco, CA, USA) which was sold on 31 May 2011.

Details of the financial results

Revenues

Galapagos' revenues from continuing operations for the first half of 2012 amount to €64.5 M compared to €39.7 M in the same period of 2011. The R&D division reported revenues of €34.5 M (including €2.4 M intersegment revenues), compared to €19.3 M in the same period last year. The R&D division revenues benefited from pro rata revenue recognition on the upfront payment from Abbott in the global collaboration on GLPG0634 announced on 29 February. The Service division revenues showed 37% external revenues growth for the period, increasing to €32.9 M from €24 M. The Service division total revenues amount to €34.6 M (including €1.7 M in intersegment revenues), compared to €30.0 M (including €6.0 M in intersegment revenues) for continuing operations in the same period last year.

Results

The group net loss from continuing operations for the first half-year of 2012 was €11.3 M, compared to the loss of €27.7 M for the same period last year. The EBITDA for the Service division was €5.7 M, compared to €3.7 M last year. Gross margins of the continuing service operations were 34%, compared to 33% last year.

The R&D division reported an EBITDA loss of €6.3 M, compared to €29.0 M last year. R&D expenses for the Group were €35.9 M compared to €42.4 M last year.

General and administrative (G&A) expenses of the Group's continuing operations were €11.9 M in the first half of 2012 (18% of revenues), compared to €11.0 M (28% of revenues) last year.

The first half 2012 financials show a loss on liquidation of EUR 2.9 million. This non-cash line item is a one-off historical currency impact, a direct result of the reduction of the number of dormant corporate legal entities in the UK.

Cash flow and cash position

A net increase of €90.1 M in cash and cash equivalents was recorded during the first half of 2012, compared to an increase of €9.4 M in the same period last year. This increase is due to the collection of the \$150 M (€112 M) cash payment made by Abbott in the collaboration on GLPG0634. Galapagos' cash and cash equivalents amount to €122.6 M on 30 June 2012.

Operational overview

R&D division

- Signed a global collaboration with Abbott to develop and commercialize GLPG0634
- Initiated Phase 2a trial in RA for GLPG0634, a selective JAK1 inhibitor
 - 100% of patients recruited, results to be communicated this year
 - Dose-range finding study includes 90 patients in four countries for 4 weeks of treatment, with ACR20 response rate as primary endpoint
- Delivered a pre-clinical candidate compound in the alliance with Servier
- Confirmed excellent PK and PD profile for GLPG0974 in a First-in-Human Phase 1 study
- Validated a novel, proprietary antibody target in COPD and RA in the alliance with MorphoSys
- Highlighted promising anti-bacterial programs showing activity against MRSA strains
- Announced termination of GLPG0492 in cachexia and end of the GSK anti-infectives alliance

- UK and US patents for GLPG0634 granted, while still pending in a further 40 countries covering all major commercial territories

Service division

- Signed a target discovery agreement between BioFocus and Ono Pharma in the field of allergic disease
- Signed a multi-year agreement between BioFocus, Argenta, and AstraZeneca to find new compounds in the fields of respiratory and inflammatory disease
- Signed an agreement between BioFocus and Almirall to deliver drug development candidates in the field of respiratory disease
- Initiated closure of the Basel site in order to increase efficiency and capture more synergies with high-throughput screening activities in the UK

Corporate

- Raised €1.3 M in equity through warrant exercises, resulting in the issuance of 156,113 new shares
- Received shareholder notifications from Abingworth Ltd (now 4.9%), Capital Research and Management (5.1%), and Baker Brothers Life Sciences L.P. (6.5%)
- Appointed Dr Piet Wigerinck as Chief Scientific Officer
- Won 'Transaction of the Year' and 'CEO of the Year' awards at the European Mediscience Awards

Outlook 2012

In the past, Galapagos delivered the majority of its full-year revenues in the second half of the year. After good results in the first half of 2012, and expecting significant R&D revenues and a continued strong performance of the service operations in the second half of the year, management reiterates full-year 2012 financial guidance: Group revenues of €150 M, a positive operational result and cash flow and a positive net result.

The Company advances toward achievement of its strategic objectives for 2012:

- Deliver topline Phase 2a results for GLPG0634
- Increase cash and profit contribution of Service division
- Meet financial guidance for the full year

Interim Report 2012

The electronic version of Galapagos' Interim Report for half year 2012 is now available online at www.glpq.com/investor/financial_reports.htm. Printed versions of the report can be requested by e-mailing ir@glpg.com.

Conference call and webcast presentation

Galapagos will conduct a conference call open to the public today at 10.00 Central European Time (CET), which will also be webcast. To participate in the conference call, please call US +1-480-629-9866, Belgium +32-2290-1608, Netherlands +31-20-794-8504, ten minutes prior to commencement of the call. A question and answer session will follow the presentation of the results. [Click here](#) to access the live audio webcast. The archived webcast also will be available for replay shortly after the close of the call.

Financial calendar 2012

3Q12 interim update	16 November 2012
Full year results 2012	8 March 2013
Annual shareholders meeting	30 April 2013

About Galapagos

[Galapagos](#) (Euronext: GLPG; OTC: GLPYY) is a mid-size clinical stage biotechnology company specialized in the discovery and development of small molecule and antibody therapies with novel modes-of-action. The Company is progressing its JAK1 inhibitor GLPG0634, as well as one of the largest pipelines in biotech, with four programs in development and over 30 discovery programs. The Galapagos Group has over 800 employees and operates facilities in six countries, with global headquarters in Mechelen, Belgium. More info at: www.glpj.com

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