

# Galapagos

## Full Year Results 2016

Webcast presentation | 24 February 2017



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This presentation contains forward-looking statements, including (without limitation) statements concerning the progress of our clinical pipeline, the slides captioned "Diversified and maturing pipeline" "CF Portfolio" "CF triple combination" "Guidance" two slides called "Clinical news flow" and "Outlook", 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 in IPF, (iv) with GLPG1972 in OA, (v) with MOR106 in atopic dermatitis, and expectations regarding the commercial potential of our product candidates. 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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# 2016 Annual Results

- **Operational highlights** Onno van de Stolpe, CEO  
Piet Wigerinck, CSO
- Financial highlights Bart Filius, CFO
- 2017 Outlook Onno van de Stolpe, CEO



# 2016: Expanding our success

- Filgotinib: Ph3 in 3 indications, more Ph2 studies to come
- Expansion of CF collaboration with AbbVie
- Good progress towards CF triple combo – dual combo started
- `1837 competitive in Class III CF patients
- Growing pipeline
- \$90m in milestone payments
- YE cash position of ~ €1 billion
- Inclusion in Bel20 and AEX indices



# Diversified and maturing pipeline

Area	Preclinical	Ph 1	Ph 2	Ph 3
RA	JAK1	filgotinib		
CD	JAK1	filgotinib		
UC	JAK1	filgotinib		
Small bowel CD	JAK1	filgotinib		
CF	Potentiator	'2451	'1837	
CF	C1	'2222		
CF	C2	'2737		
IPF	Autotaxin	'1690		
OA		'1972		
AtD	MOR106			
IPF	'2938			
AtD	'2534			

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# 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

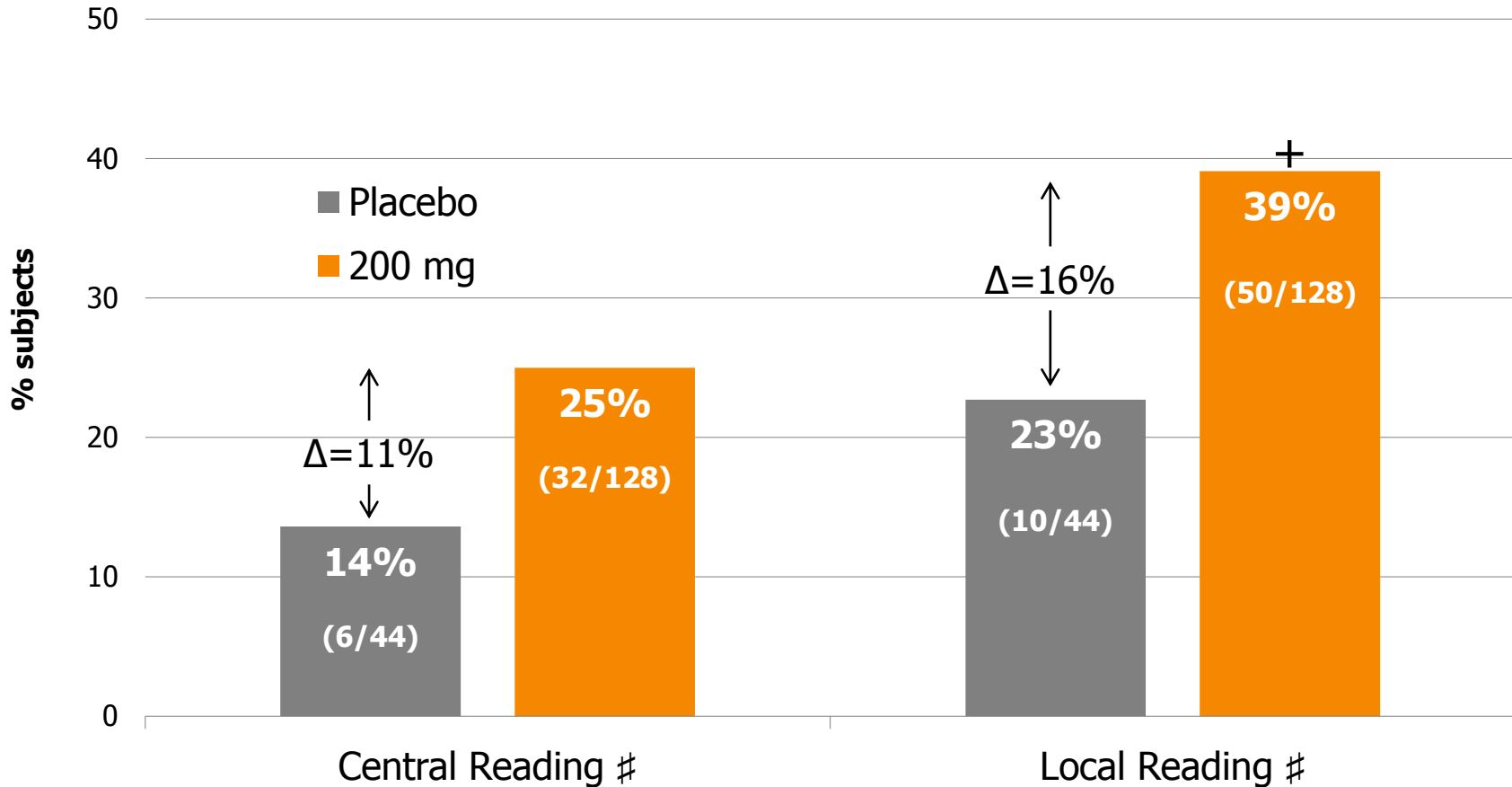
ACR20 at W24  
monotherapy, +MTX arms  
radiographic assessment

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# FITZROY: SES-CD endoscopy

Improvement of at least 50%, ITT-NRI, Week 10



+:  $p < 0.10$

# : Only using segments explored at both baseline and week 10 (matching segments)

Vermeire *et al.*, The Lancet, 2016



# 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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# CF portfolio

Preclinical	Ph1	Ph2	Status
potentiator '1837			Ph2 results: ✓
potentiator '2451			Ph1 with '2222: ✓
potentiator '3067			Ph1 start: H1 '17
C1 corrector '2222			Ph2 start: ✓
C1 corrector '2851			Ph1 start: H2 '17
C2 corrector '2737			Ph 1 with '2222/'2451: H1 '17
C2 corrector '3221			Ph1 start: H2 '17

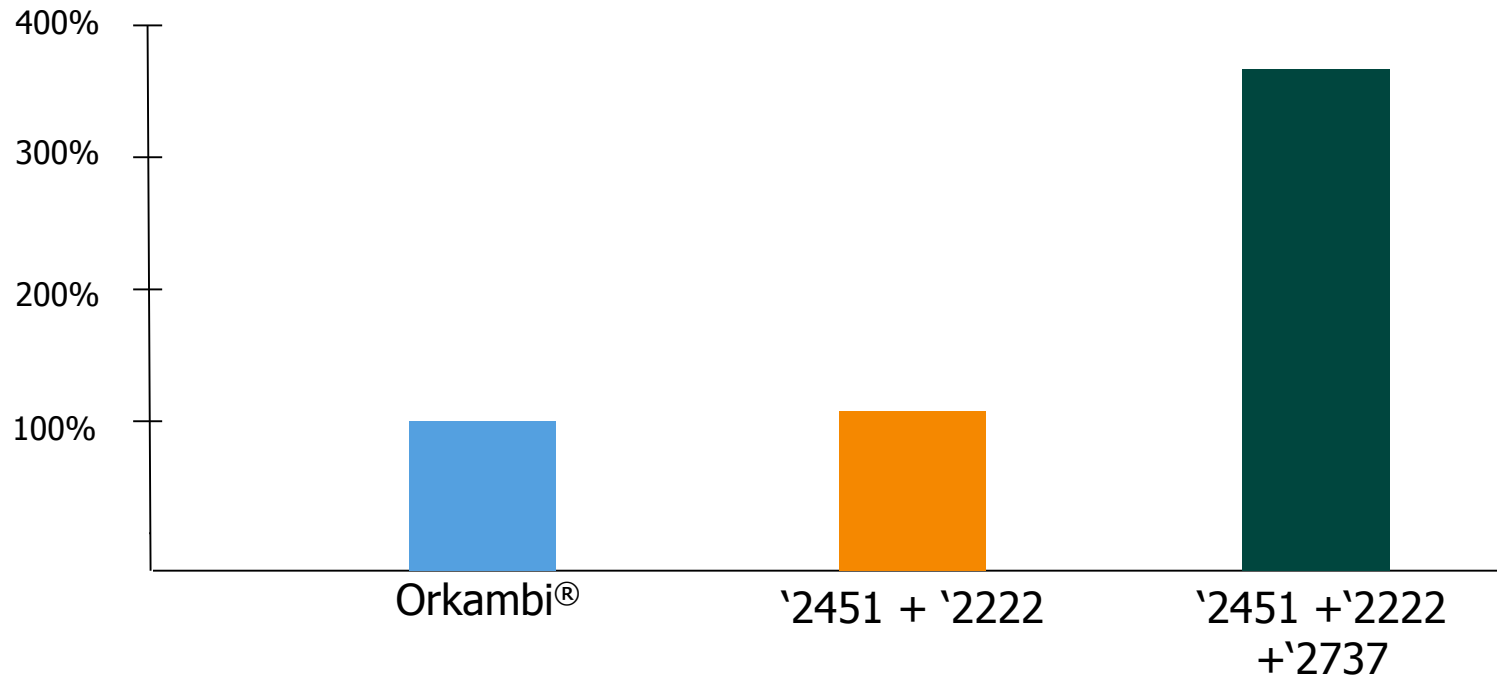
We plan to initiate triple patient evaluation by mid-2017



# Dual and triple combinations

F508del/F508del primary cells

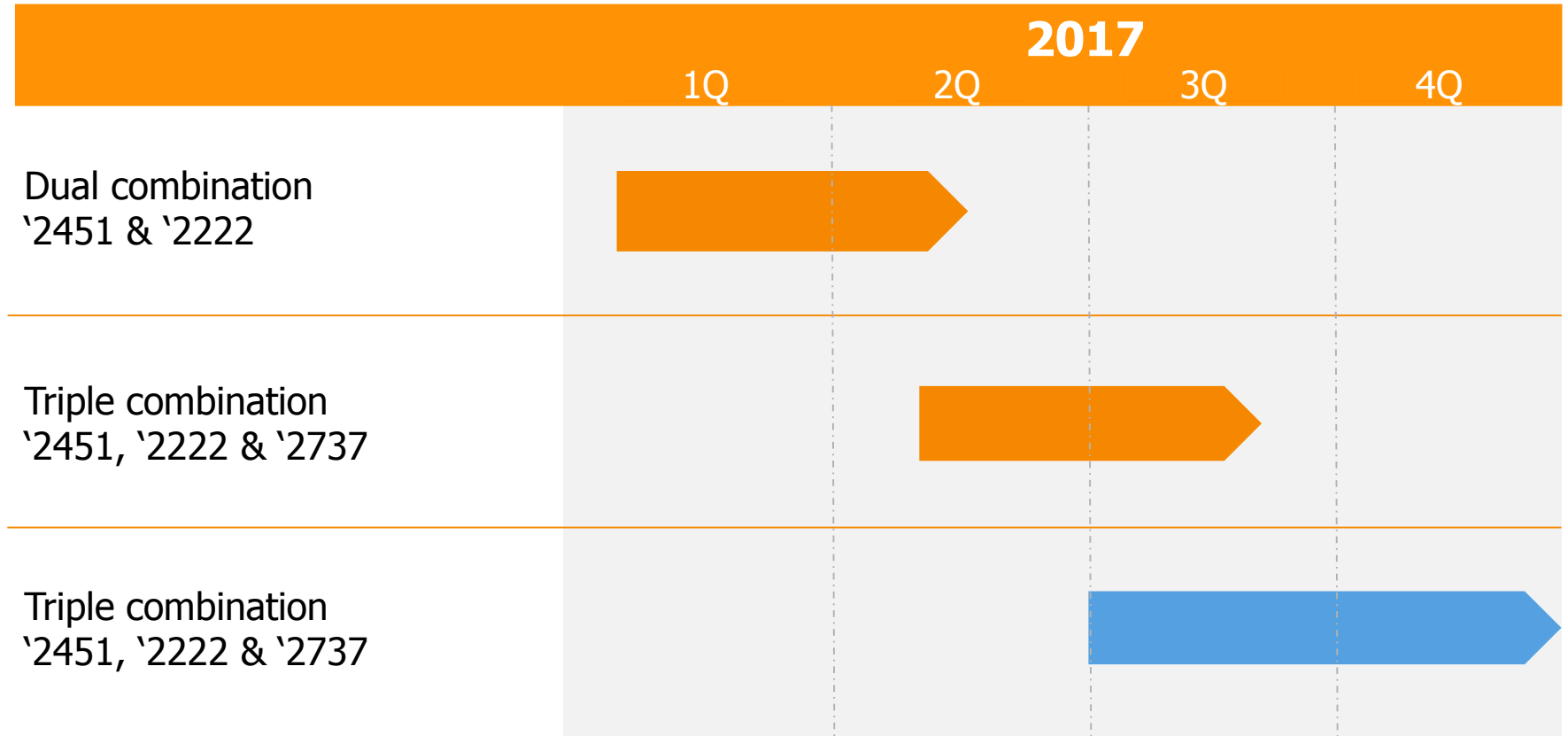
% of dual combo  
CFTR restoration



GLPG triple combo achieves greater CFTR vs Orkambi *in vitro*



# CF triple combination



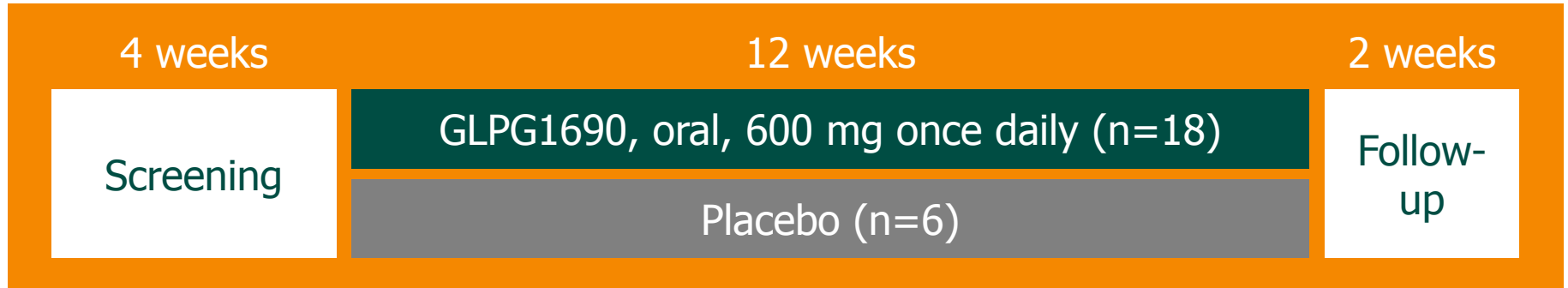
Combinations in healthy volunteers

Patient evaluations



# FLORA: topline H2 '17

GLPG1690 exploratory Ph2a study in IPF



- IPF patients diagnosed by HRCT/biopsy, centrally confirmed
- No pirfenidone/nintedanib 4wks prior to screening
- 17 sites in UK, Italy & Ukraine
- Primary endpoints: safety, tolerability, PK/PD
- Secondary endpoints: FVC, QoL, FRI, serum & BALF biomarkers

FLORA is fully recruited

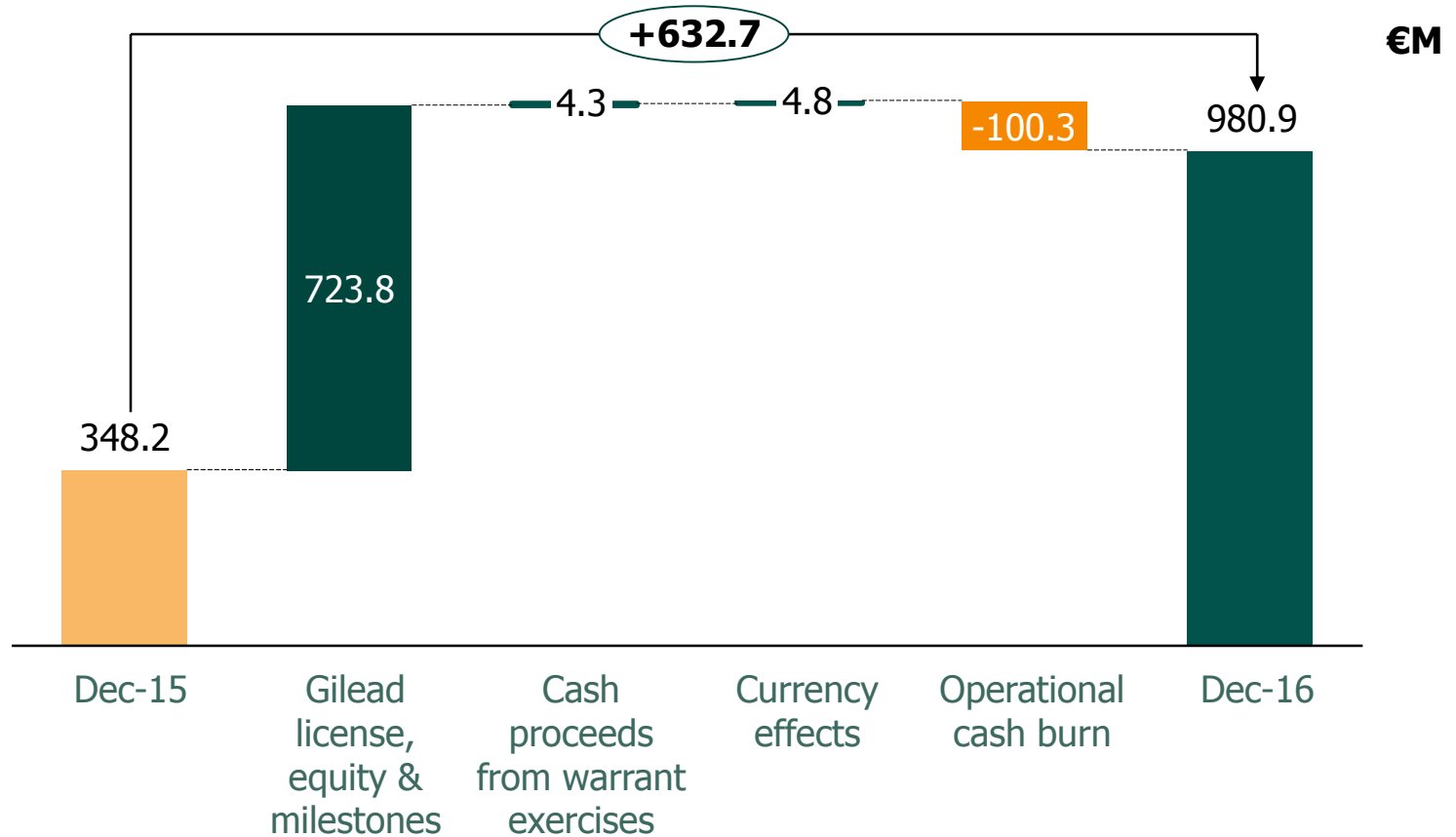


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Onno van de Stolpe, CEO



# Cash, cash equivalents & restricted cash



Cash burn in line with guidance, ≈ €1 B in cash

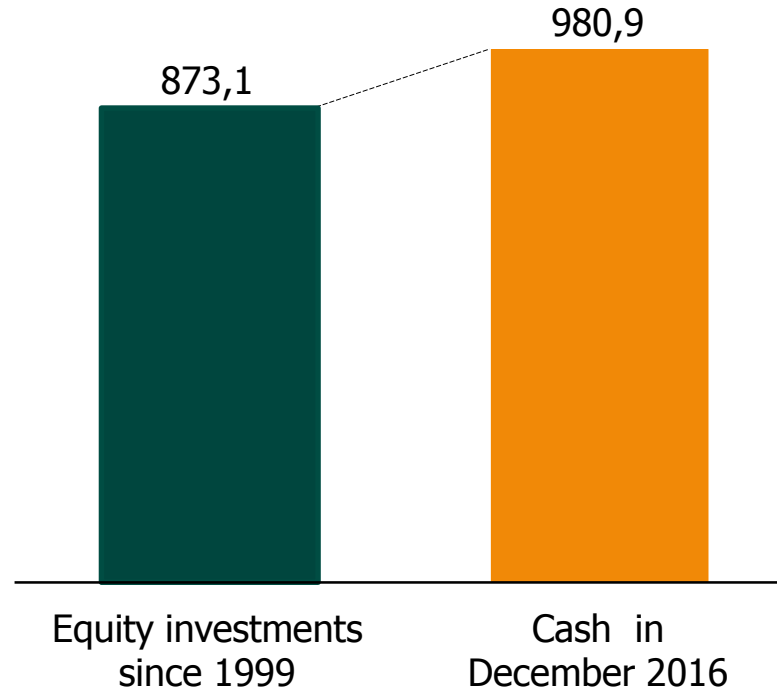
Notes:

- includes restricted cash of €7.9 M in Dec '15 and €7.7 M in Dec '16
- excluding tax receivable from Belgian & French governments of €64.3 M in Dec '16



# Cumulative cash since inception

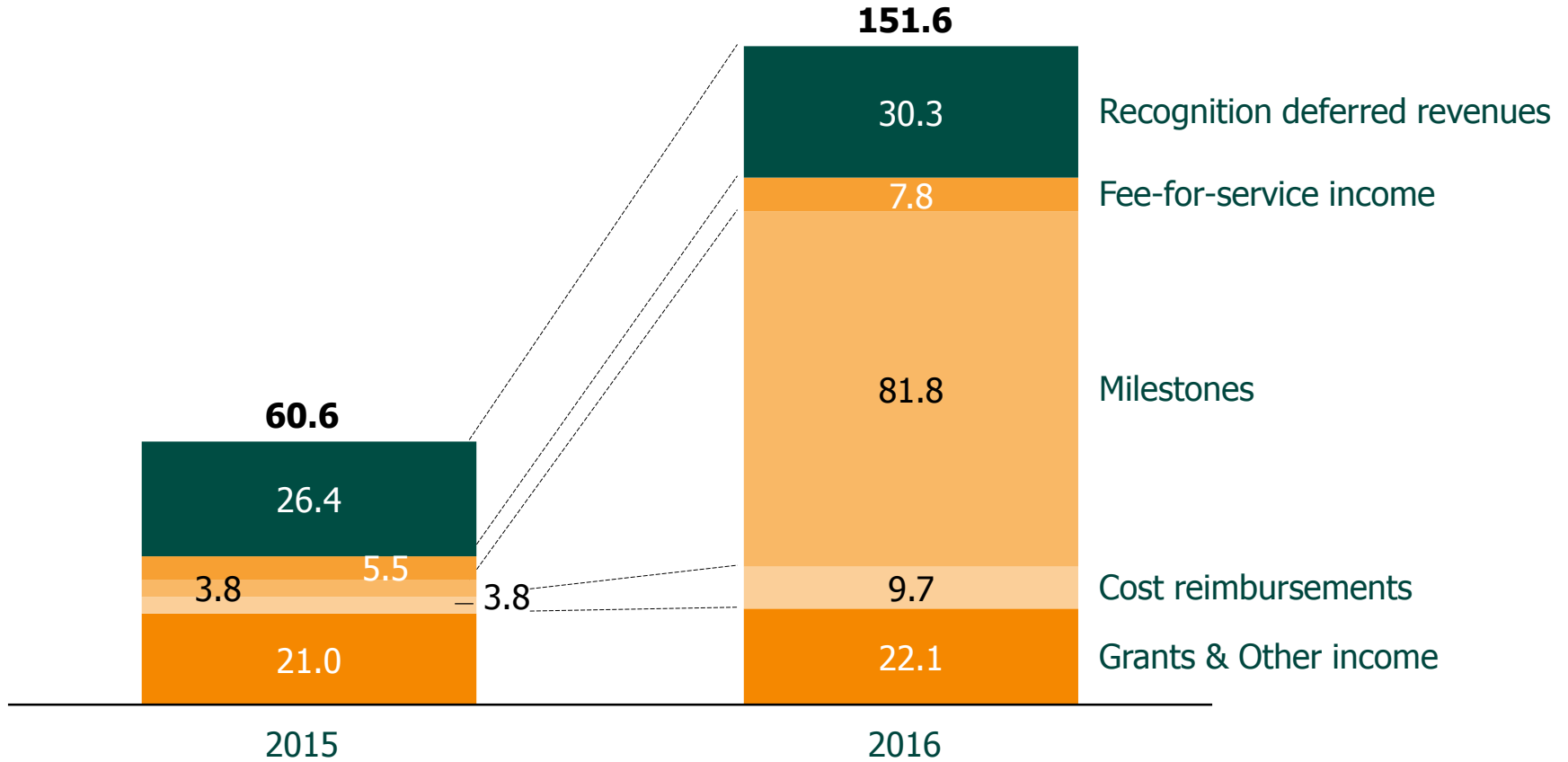
€M



Galapagos is cash positive on a cumulative basis since inception

# Revenues and Other income

€M

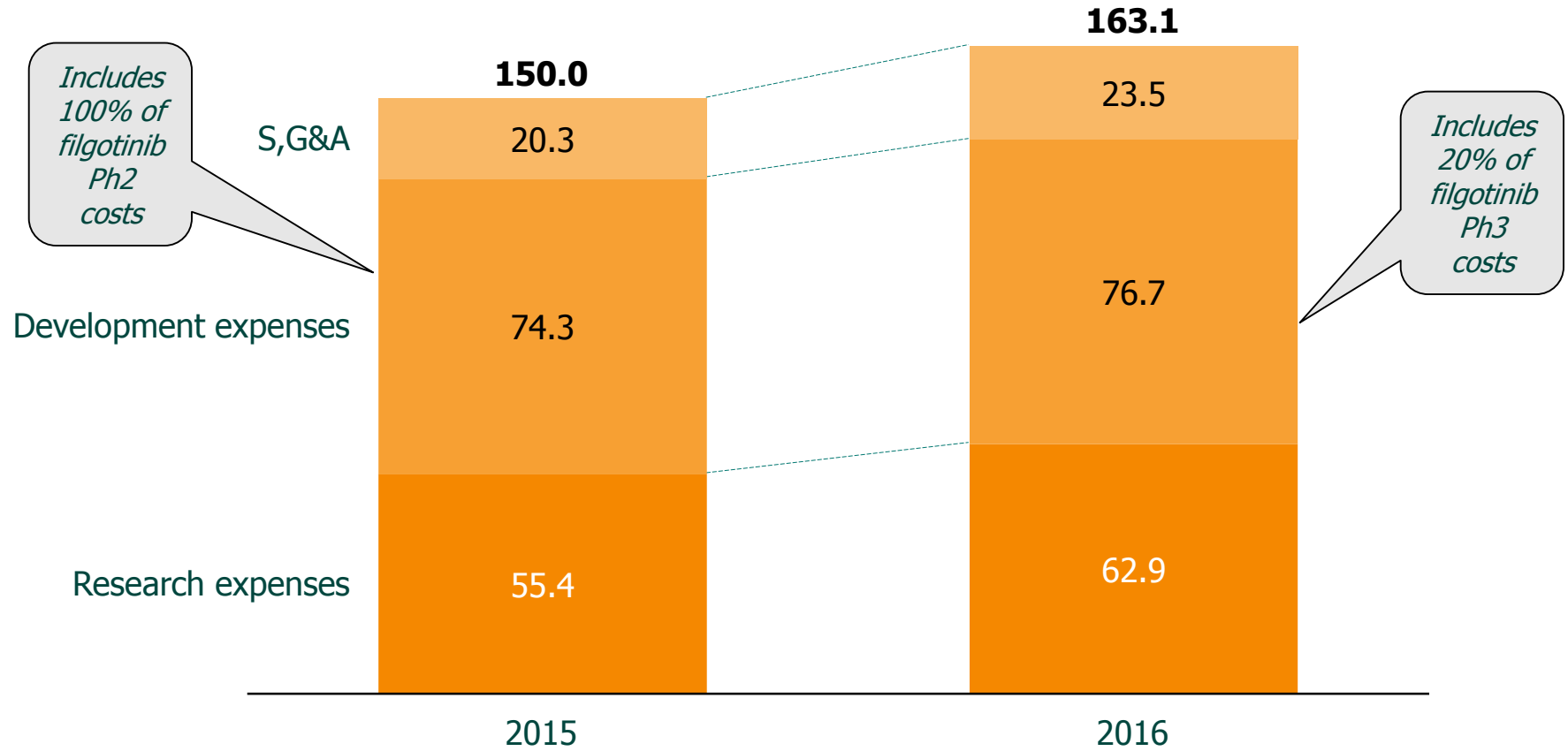


Milestones from our filgotinib and CF alliances drive revenue increase





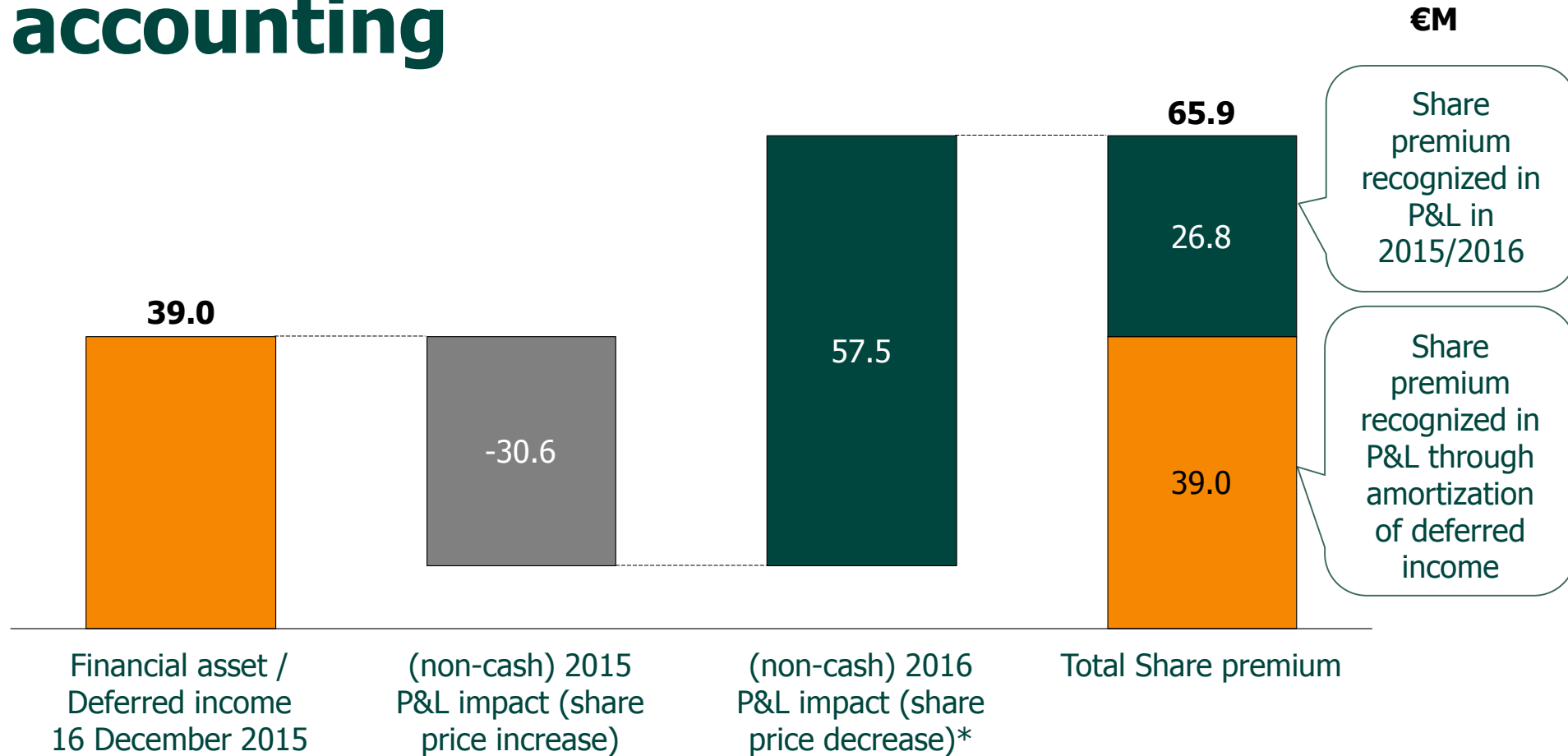
# Operating expenses



Operating expenses slightly increasing



# (non-cash) Financial asset accounting



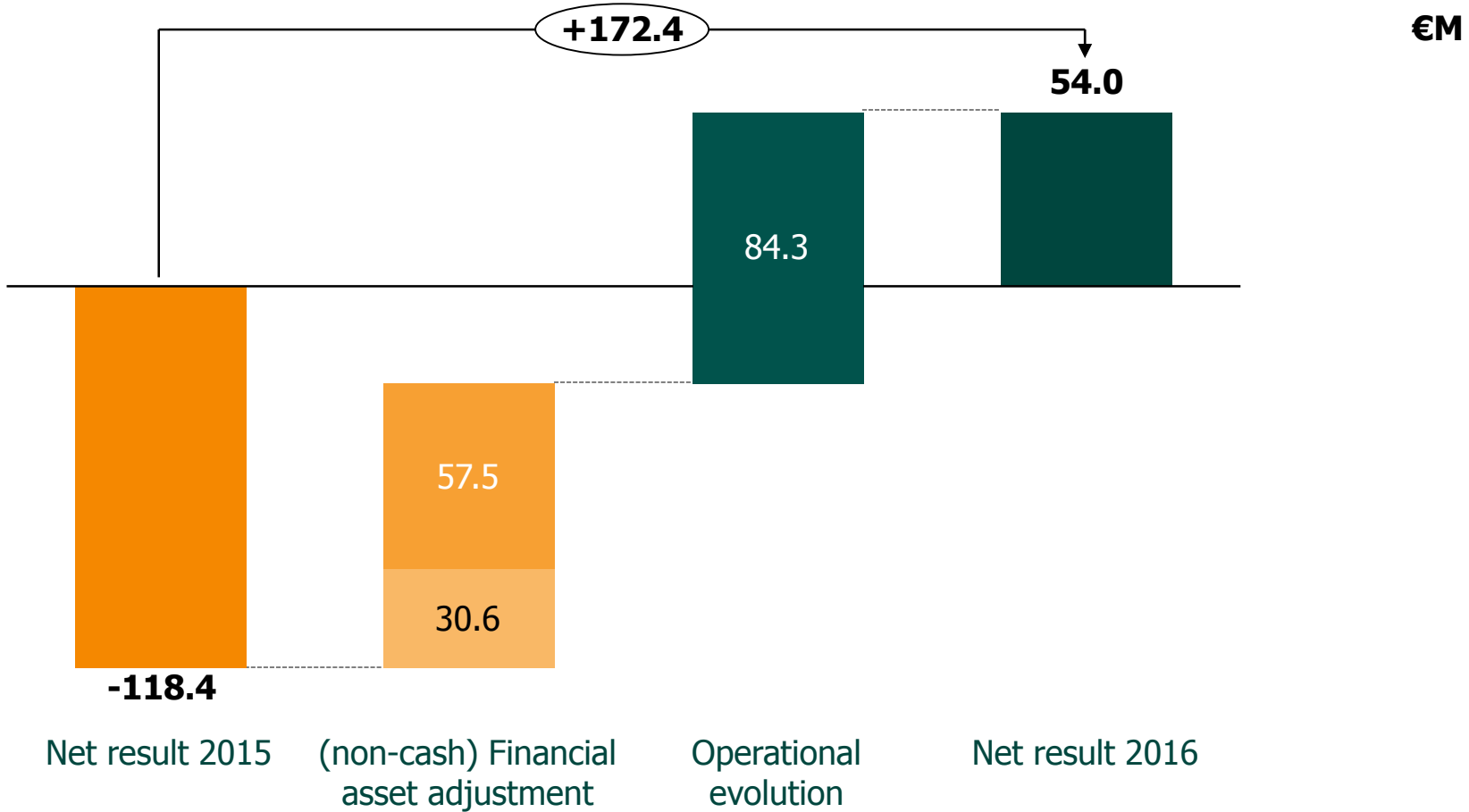
Share premium of €66m to be recognized in P&L over time

Note:

\*2016 P&L impact of €57.5 M was realized at closing on Jan 19th; further future P&L income will result from amortization of deferred income from both subscription agreement & collaboration agreement



# Net result & earnings per share



Net profit of €54 M



# Guidance 2017

- Operating cash burn between €135-155 million
  - Cash-flow from operations and investing
  - Includes cash income and R&D investments
  - Reflects lower anticipated milestones and an increase in spending in filgotinib, CF, and proprietary programs



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# Clinical news flow

Disease area	Program	H1 '17	H2 '17
Rheumatoid arthritis	filgotinib	DARWIN 3 interim EULAR	ACR
Crohn's & UC	filgotinib	ECCO/DDW	UEGW
Additional indications	filgotinib	Start multiple POCs	Start multiple POCs
Cystic fibrosis	multiple	Dual Ph1 start ✓ '2222 more studies ✓ US IND ✓ Start triple volunteers '3067 Ph1 start ECFS	Start triple in patients '2851 Ph1 start '3221 Ph1 start NACFC



# Clinical news flow

Disease area	Program	H1 '17	H2 '17
IPF	GLPG1690	FLORA recruited ✓	FLORA topline
IPF	GLPG2938		Submit Ph1
Osteoarthritis	GLPG1972	US IND Start Ph1b in US	
Atopic dermatitis	MOR106		Topline Ph1b
Atopic dermatitis	GLPG2534		Start Ph1



# Outlook

- Filgotinib in Ph3
- More filgotinib POCs
- CF triple combo in patients
- Patient data in IPF and AtD
- Further discovery programs reach clinic
- Solid balance sheet