

Galápagos

Full year results 2013

7 March 2014





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2013 annual results

- Operational highlights Onno van de Stolpe, CEO
- Financial results Guillaume Jetten, CFO
- 2014 outlook Onno van de Stolpe, CEO



Galapagos

2013: Maturing pipeline with strong balance sheet

- Expansions of '634 franchise with AbbVie
- Start of Phase 2B Darwin program in RA with '634
- GSK entered Phase 2 with GSK2586184 (formerly '778)
- Start of Phase 2 Proof-of-Concept study with '974 in UC
- Partnership with AbbVie in CF, selection of candidate potentiator

- Cash balance on 31 December 2013: €141.5 M
- Liquid asset position: €147.5 M, plus €33 M CIR receivables

Delivered deals and progress in the pipeline



Expansions of '634 franchise

- \$20 M fee for expansion of Phase 2B program in RA
- Agreement on Crohn's disease
 - Galapagos funds and runs Phase 2, AbbVie to pay \$50 M success fee
 - 1st selective JAK1 inhibitor in Phase 2 in Crohn's
 - 20-week Phase 2A/B study in 180 patients, measuring:
 - induction of disease remission
 - early maintenance of its beneficial effects

Deals expand the franchise, win 2 years in Crohn's disease

Partnership in CF with AbbVie

- Both companies contribute funding & science
- AbbVie commercializes, GLPG retains China/South-Korea, co-promotion rights in Benelux
- Upfront payment \$45 M
- GLPG to receive up to an additional \$360 M in future milestones + double digit royalties
- Tax benefits from Belgian Patent Income Deduction Law



Further success in R&D



- Reported target engagement and good safety profile in JnJ IBD alliance
- Initiated 7 clinical trials, 3 more submitted
- Delivered 2 pre-clinical candidates in CF and oncology
- Advanced 23 discovery programs
- Three projects awarded by Flemish IWT for €7.6 M in research support

Three patient readouts expected in 2014, including GLPG0634

Broad and deep (pre)clinical pipeline

Indications	Partner	Target	Lead program	Stage
RA/Crohn's	AbbVie	JAK1	'634	Phase 2B
Psoriasis/UC	Licensed to GSK	JAK1	GSK2586184	Phase 2
Ulcerative colitis		FFA2	'974	Phase 2
Inflammatory bowel disease	JnJ	novel	'1205	Phase 1
MRSA		DNA pol IIIa	'1492	} 6 candidates
Inflammation	JnJ	novel		
Inflammation	GSK	novel		
Oncology		novel	'1790	
Cystic Fibrosis	AbbVie/GLPG	novel	'1837	

In addition, >20 programs in discovery phase



Phase 2 studies with GSK2586184

- Selective JAK1 inhibitor GLPG0778 out licensed in Jan 2012
- GSK runs and funds further research, no cost to Galapagos
- Galapagos eligible to receive milestone upon achievement PoC
- Phase 2 in psoriasis completed:
 - topline safety and efficacy results expected H1 2014
 - other JAK inhibitors have shown efficacy in psoriasis
- Lupus study stopped due to lack of effect, UC study on hold
 - lupus is a complex autoimmune disease, not yet well understood
 - GSK2586184 first JAK ever to be tested in lupus



Service operations

BioFocus
A Galápagos Company

argenta
A Galápagos Company

- David Smith appointed as CEO Services
- Achieved turnaround in H2
- Signed large agreements with
 - Boehringer Ingelheim (Argenta and BioFocus)
 - Genentech (Argenta)
 - Biogen Idec (BioFocus)
- More integrated, multi-year partnerships

Return to growth in H2 2013



Corporate highlights

- Private placement raised €54 M
- Warrant exercises raised €2 M
- NYSE Liffe listed options in Galapagos shares (ticker: GLS)
- Katrine Bosley joined the Galapagos Supervisory Board

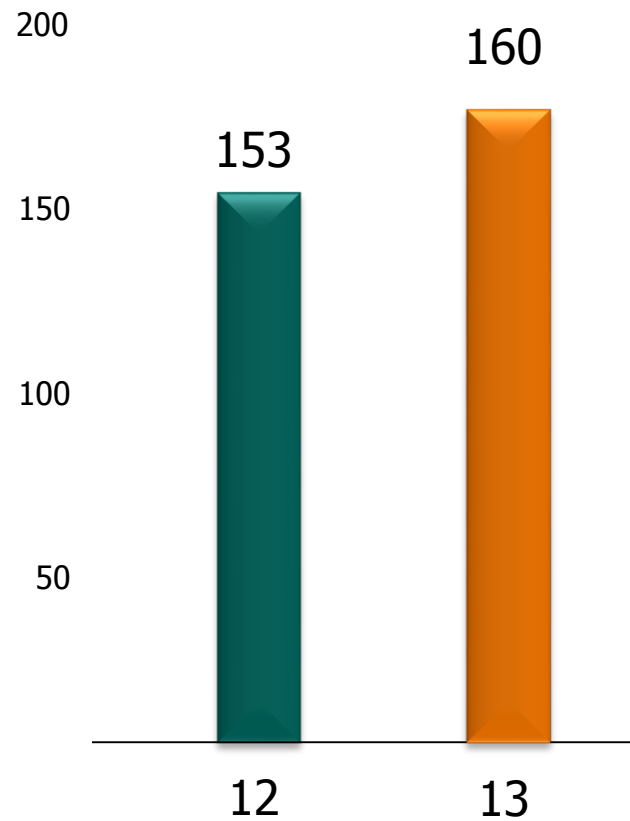


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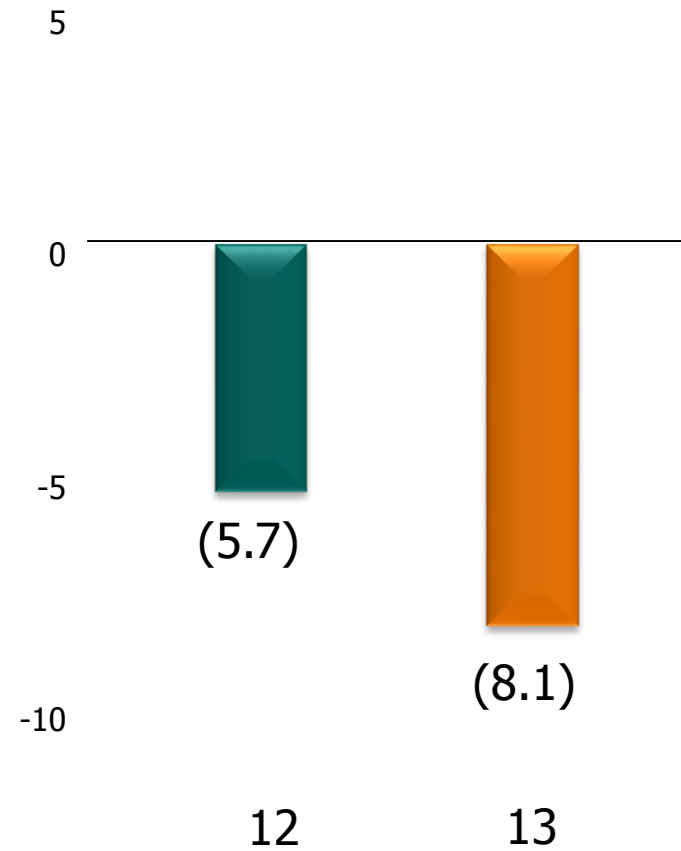
Financial results

Revenue



in € millions

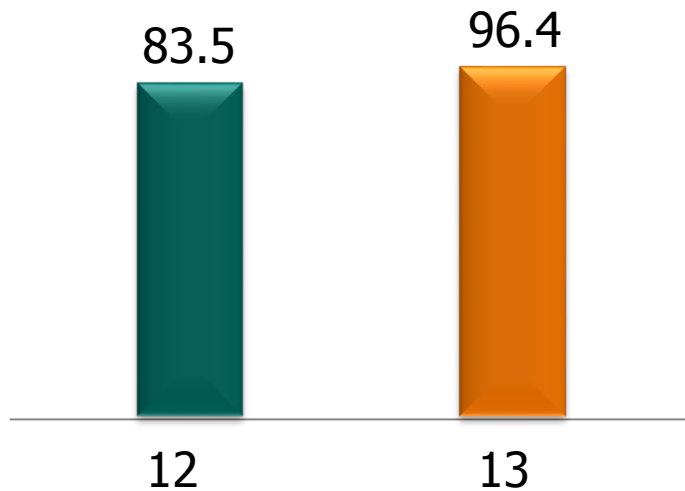
Net result



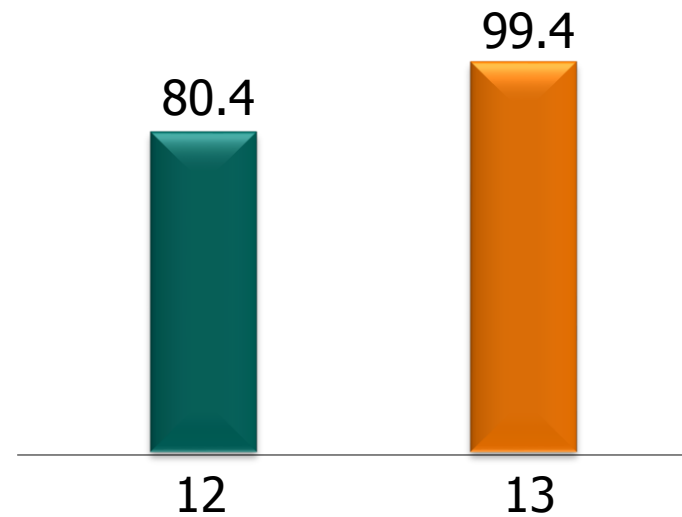
R&D division

- €52 M revenue recognition: AbbVie payments for '634, CF upfront
- Planned increase in R&D investment for Phase 2 programs
- Aim to bring in \$250 M payments from AbbVie for '634 in 2015

R&D external revenue



consolidated R&D investment

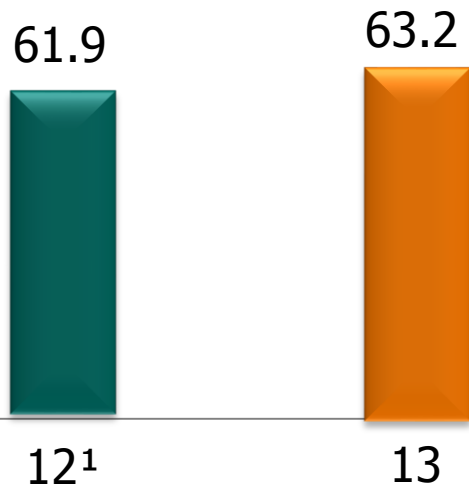


in € millions

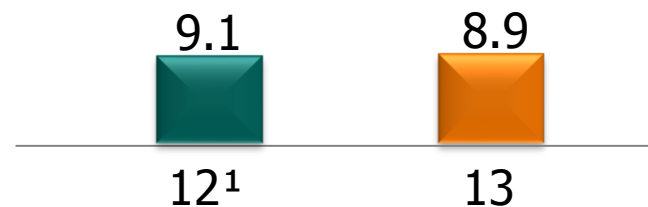
Service division

- H2 '13 external revenues grew 17% compared to H1 '13
- H2 '13 external revenues grew 5% compared to normalized H2 '12
- Total external revenues '13 grew 2% compared to normalized '12
- Strong order book indicates continued growth in 2014

Services external revenue



Segment result

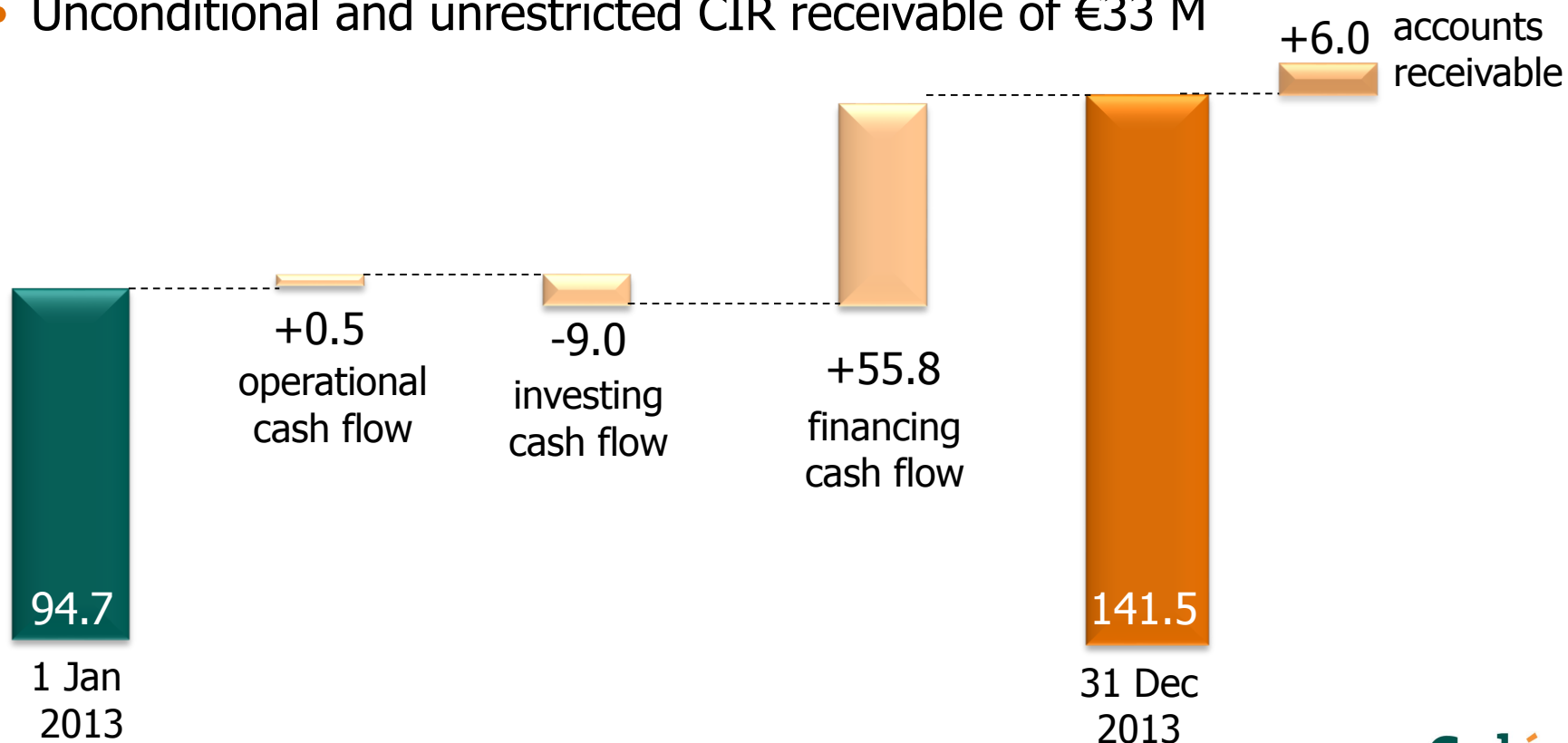


in € millions

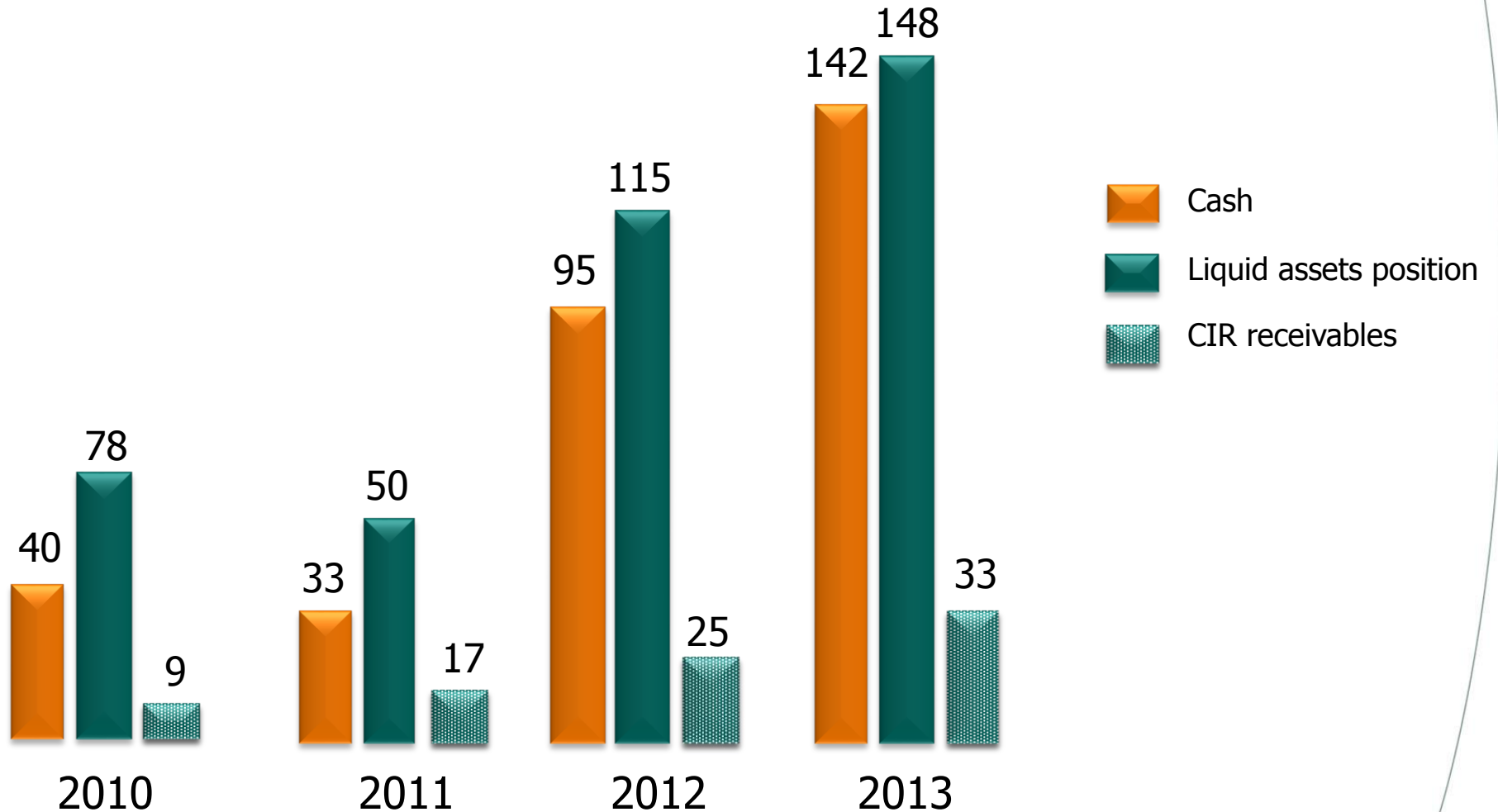
¹Figures for 2012 exclude the Basel site discontinued operations

Liquid assets position

- Abbott deal in CF added \$45 M to balance sheet
- Capital raise €54 M
- Liquid assets position €147.5 M (^12: €115.4 M)
- Unconditional and unrestricted CIR receivable of €33 M



Liquid assets position over time





Taxes

- Group tax losses carried forward €350 M
- Potential future positive impact to P&L of €105 M
- AbbVie deals tax ruling
 - upfront, license fee and all future payments & royalties under Patent Income Deduction law
 - tax rate on income from AbbVie deals will be 6.8% instead of 34%
- Effective Group tax rate <5%
 - also after depleting deferred tax assets

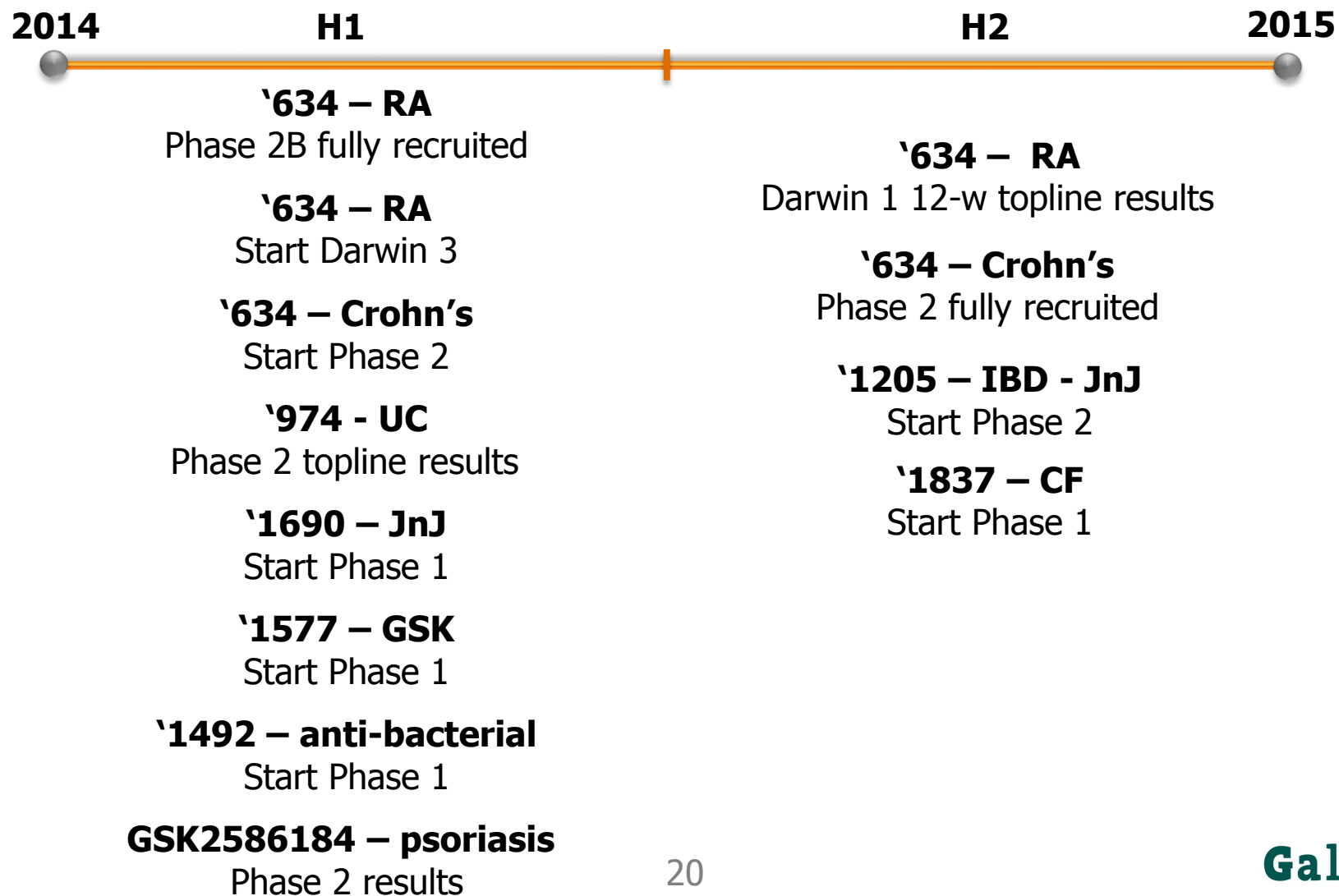


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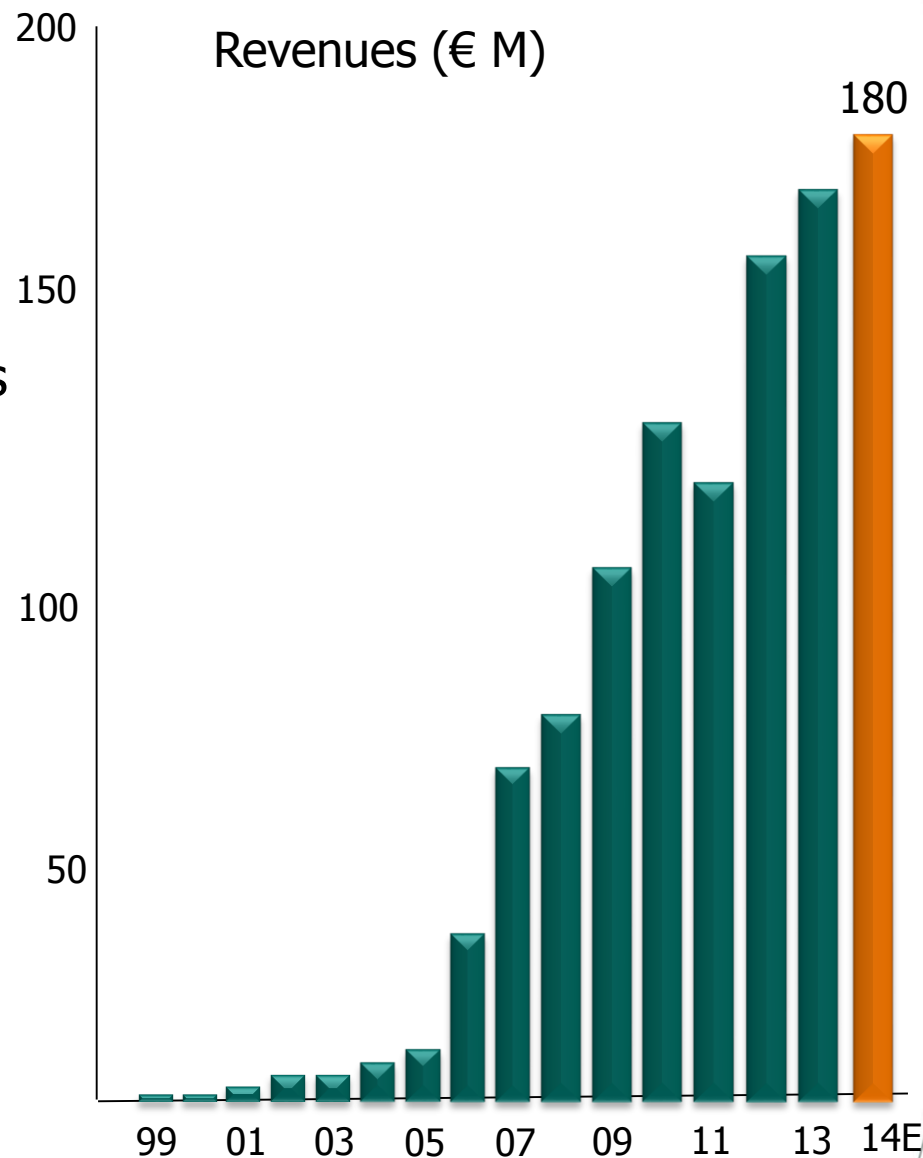


Clinical planning



Guidance 2014

- Group revenues €180 M
- Three topline results from patients
- Additional progress in pipeline
- Cash guidance later in 2014





Bright outlook for Galapagos

- Leadership in JAK1 space: two compounds in phase 2
- Success with '634 will generate major payments by AbbVie in 2015
- CF program on track to deliver candidate drug for main mutation
- Broad pipeline provides further opportunities for clinical success
 - both internal and alliance programs
- Strong balance sheet supports making best choices for creation of shareholder value

Galapagos in excellent position to build on its R&D strengths

Galápagos

Full year results 2013

Q&A

7 March 2014



29 April 2014

16 May 2014

8 Augustus 2014

14 November 2014

6 March 2015

AGM in Mechelen

Q1 2014 Business Update

H1 2014 Results

Q3 2014 Business Update

FY 2014 Results

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