Galápagos

Novel targets, better molecules

Investor Presentation
November 2014
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Galapagos reports in €
Financials in this presentation have been converted at €1.00 = US$1.25
Galapagos at a glance

• Founded in 1999 as joint venture of Crucell and Tibotec
• 400 staff, research sites in 4 countries with HQ in Belgium
• Focus on novel mode of action medicines
  ➢ proprietary target discovery platform
  ➢ three Phase 2 programs, two Phase 1 programs
  ➢ five pre-clinical candidates, ~20 in discovery
• Major alliances with AbbVie, JnJ, GSK, Servier
• Market cap ~ $470 M, cash on 30 June $290 M
Novel targets form our core value

Adenovirus with human shRNA sequence → Arrayed collection targeting 6,500 genes → Disease models:
- primary human cells
- siRNA silences specific gene
- every well lacks 1 specific protein
- functional readout links disease to target

- Proprietary, validated target discovery engine for >15 diseases
- Discovery of novel, drugable targets
- Approach strongly validated
Capabilities cover target-to-clinic

- Target identification
  - Find human protein responsible for disease
- Target validation
  - Identify chemical compound that binds to protein
- Screening & Hit-to-lead
- Lead optimization
  - Develop chemical into drug candidate
- Preclinical testing
- Clinical trials I, II, III
  - Test drug candidate
Growth strategy

- Execute development of JAK1 ph2 programs in rheumatoid arthritis (RA) & Crohn’s disease
- Build mature clinical portfolio – partnered & proprietary
- Continue productive pharma alliances
- Sign new alliances & partnerships to leverage our technology
## Broad (pre)clinical pipeline

<table>
<thead>
<tr>
<th>Indications</th>
<th>Partner</th>
<th>Target</th>
<th>Lead program</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>RA/Crohn’s</td>
<td>AbbVie</td>
<td>JAK1</td>
<td>GLPG0634</td>
<td>Phase 2B</td>
</tr>
<tr>
<td>Ulcerative colitis (UC)</td>
<td>Licensed to GSK</td>
<td>JAK1</td>
<td>GSK2586184</td>
<td>Phase 2*</td>
</tr>
<tr>
<td>Inflammatory bowel disease</td>
<td>JnJ</td>
<td>FFA2</td>
<td>GLPG0974</td>
<td>Phase 2</td>
</tr>
<tr>
<td>Pulmonary disease</td>
<td>JnJ</td>
<td>novel</td>
<td>GLPG1690</td>
<td>Phase 1</td>
</tr>
<tr>
<td>MRSA</td>
<td></td>
<td>DNA pol IIIα</td>
<td>GLPG1492</td>
<td></td>
</tr>
<tr>
<td>Oncology</td>
<td></td>
<td>ephrin kinase</td>
<td>GLPG1790</td>
<td></td>
</tr>
<tr>
<td>Cystic fibrosis</td>
<td>AbbVie/GLPG</td>
<td>CFTR</td>
<td>GLPG1837</td>
<td></td>
</tr>
<tr>
<td>Inflammation</td>
<td>MorphoSys</td>
<td>novel</td>
<td>MOR106</td>
<td></td>
</tr>
<tr>
<td>Osteoarthritis</td>
<td>Servier</td>
<td>novel</td>
<td>GLPG1972</td>
<td></td>
</tr>
<tr>
<td><strong>5 candidates</strong></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

* Terminated by GSK in oral indications for chronic immunoinflammatory diseases (SLE, UC, psoriasis)

In addition, ~20 programs in discovery phase
# Pharma alliances

<table>
<thead>
<tr>
<th>Indication</th>
<th>Partner</th>
<th>Deal value</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflammation</td>
<td>glaxoSmithKline</td>
<td>$276 M + royalties</td>
<td>2006</td>
</tr>
<tr>
<td>Inflammation</td>
<td>janssen</td>
<td>$1.3 B + royalties</td>
<td>2007</td>
</tr>
<tr>
<td>Osteoarthritis</td>
<td>Servier</td>
<td>$378 M + US rights + royalties</td>
<td>2010</td>
</tr>
<tr>
<td>Oncology</td>
<td>Servier</td>
<td>$328 M + US rights + royalties</td>
<td>2011</td>
</tr>
<tr>
<td>Autoimmune</td>
<td>abbvie</td>
<td>$1.4 B + double-digit royalties</td>
<td>2012</td>
</tr>
<tr>
<td>Cystic fibrosis</td>
<td>abbvie</td>
<td>$405 M + double-digit royalties, co-funding</td>
<td>2013</td>
</tr>
</tbody>
</table>

- Alliances have brought in > $500 M in cash since 2006
- Source of promising molecules and targets for GLPG
Deal structure on ‘634 (filgotinib)

- AbbVie payments $170 M
- Galapagos performs & funds Phase 2 in RA & Crohn’s
- License fee $200 million after RA Phase 2b + $50 M Crohn’s success fee
- AbbVie performs & funds Phase 3, registration & commercialization
- GLPG to receive up to $1 B in milestones + double digit royalties
- Tax benefits from Belgian Patent Income Deduction law
`634: our first novel MoA in 1,000 patients

- Novel mode of action for autoimmune
- Confirmed safety & efficacy in 2 short-term studies in RA
- Oral treatment with opportunity for once-daily dosing
- Attractive profile for combination treatment
‘634: the most selective JAK1 inhibitor
GLPG in-house data
‘634 gives continuous target inhibition
Unique PD profile in JAK field – PD modelling data
‘634 anticipated differentiation in RA

- **Safety**: well tolerated, improved hemoglobin, no increase of LDL, lower infection rate
- **Efficacy**: rapid onset of action with efficacy maintained for years, ACR/DAS ≥ TNFa
- **Convenience**: oral, once-daily dosing
- **Multiple indications**: no suppression of hemoglobin/hematocrit supports therapeutic opportunity in IBD
- **Attractive profile for combinations**: no drug-drug interactions

High selectivity for JAK1 drives differentiation of ‘634
‘634 phase 2b program in RA
Moderate to severe RA patients with inadequate MTX response

Darwin\textsuperscript{1} Add-on to MTX 595 patients

Darwin\textsuperscript{2} Monotherapy 280 patients

Darwin\textsuperscript{3} Long term extension
'634 in RA

- 2014: Last patient in Darwin 1
- 2015: Topline 12 wk Darwin 2
- 2016: Licensing decision AbbVie
- 2016: Topline 12 wk Darwin 2
- 2017: Possible start Ph3
‘634 Phase 2 study in Crohn’s

- 180 patients with CDAI score between 220 – 450
- Two-part study: 10 week induction & 10 week (early) maintenance
- Primary endpoint at week 10: CDAI <150
- Data on both induction & maintenance enables fast move into Phase 3
Positioning ‘634 in Crohn’s

- KOLs enthusiastic for use in IBD (CD & UC):
  - oral dosing is attractive
  - rapid onset & long-lasting efficacy seen in tofacitinib studies
  - efficacy TNF mAb effect is limited in time - anti-mAb antibodies
- JAK2-sparing critically important in IBD
  - patients lose blood with feces
- Induction + maintenance = direct competition with TNF mAb
‘634 in Crohn’s

- Topline 10 weeks
- Licensing decision AbbVie
- Crohn’s topline to be delivered in Q2 ‘15
Deal structure in cystic fibrosis (CF)

- Both companies contribute funding & science
- AbbVie commercializes
  - GLPG retains China/South-Korea, co-promotion rights in Benelux
- Upfront payment $45 M
  - plus an additional $360 M in future milestones + double digit royalties
Most CF patients are Class II (F508del)
We target the main mutation

<table>
<thead>
<tr>
<th>Normal</th>
<th>Class I</th>
<th>Class II</th>
<th>Class III</th>
<th>Class IV</th>
<th>Class V</th>
</tr>
</thead>
<tbody>
<tr>
<td>CF mutation</td>
<td>W1282X</td>
<td><strong>F508del</strong></td>
<td>G551D</td>
<td>R117H D1152H</td>
<td>3849+10kb C→T</td>
</tr>
<tr>
<td>Allele frequency</td>
<td>~6%</td>
<td><strong>~87%</strong></td>
<td>~3%</td>
<td>&lt;2%</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Approved drugs</td>
<td></td>
<td></td>
<td>Kalydeco®</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Patient cell data predict clinical outcomes**

**Patient cells: F508del**
- Treated with: VX-809 + Kalydeco
- Clinical outcome: 46% responders (FEV1 ≥ 5%) on F508del/F508del

**Patient cells: G551D**
- Treated with: Kalydeco
- Clinical outcome: 75% responders (FEV1 ≥ 5%) on G551D/F508del

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**Healthy Patient Kalydeco**
- ~30% of WT

**Healthy Patient VX-809 + Kalydeco**
- ~20% of WT

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**Clinical outcome:**
- **46%** responders (FEV1 ≥ 5%) on F508del/F508del
- **75%** responders (FEV1 ≥ 5%) on G551D/F508del

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*Galápagos*
Potentiator ready for clinical development

- Improved efficacy in primary cells
- Stable over time
- Favorable metabolic profile
  - reduced DDI liabilities
- Start FIH next month
We have superior corrector combinations
Five different corrector series in progress

Pre-clinical evaluation of F508del-CFTR homozygous primary cells corrected with compound A, B, C, B+C, or VX-809 for 24 h. Current after adding 10 µM Forskolin & 500 nM GLPG1837.
Timelines CF

2013
- Deal with AbbVie in CF

2014
- PCC potentiatior '1837
- Start Ph 1 potentiatior '1837
- PCC corrector

2015
- Start Ph 2 potentiatior '1837

2016

Strong position with own potentiatior, multiple correctors
• Selective JAK1 inhibitor GLPG0778 out-licensed to GSK Jan 2012

• Galapagos eligible to receive milestones & royalties

• GSK initiated Phase 2 studies in SLE, UC, and psoriasis
  ➢ met primary endpoint in Phase 2 in psoriasis
  ➢ good efficacy data (PASI scores), superior to published JAK/apremilast data

• GSK terminated all oral indications for SLE, UC, psoriasis Aug 2014
  ➢ decision based on overall risk:benefit profile
  ➢ exploring other potential indications
‘1492: an attractive profile

- Highly selective antibiotic for *S. aureus* including MRSA
- Strong bactericidal activity
- Oral, intravenous and subcutaneous routes available
- No cross-resistance to existing antibiotics

- MRSA associated with a variety of serious indications
  - endocarditis
  - pneumonia
  - osteomyelitis
  - pneumonia
  - central nervous system infections

‘1492: proprietary and powerful narrow spectrum agent
Sale of services to Charles River Labs

- **Sales price:** $161M in cash + $6 M possible earnout after 1 year

- **Charles River acquired:**
  - all operations of BioFocus & Argenta in the UK
  - BioFocus activities in Leiden

- **Galapagos continues outsourcing to BioFocus/Argenta over next 3 years**
  - $12 million in total

- **Deal closed on 1 April 2014**
### Strong balance sheet

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash (in $ million)</th>
<th>CIR Receivables (in $ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>50</td>
<td>11</td>
</tr>
<tr>
<td>2011</td>
<td>42</td>
<td>21</td>
</tr>
<tr>
<td>2012</td>
<td>120</td>
<td>32</td>
</tr>
<tr>
<td>2013</td>
<td>179</td>
<td>42</td>
</tr>
<tr>
<td>Mid 2014</td>
<td>290</td>
<td>35</td>
</tr>
</tbody>
</table>

*All figures are as of 31 December.*
Steady flow of ‘634 Phase 2 readouts

- Topline 12 wk Darwin 1
- Topline 12 wk Darwin 2
- Topline 24 wk Darwin 1 & 2
- ‘634 in Crohn’s Topline 10 weeks
- ‘634 in Crohn’s Topline 20 weeks
- Licensing decision AbbVie
Outlook

- Possible $250 M in payments from AbbVie for ‘634 in 2015
- Multiple Phase 2 readouts with ‘634
- CF program on track to deliver combination therapy for main mutation
- Strong balance sheet to support R&D strategy