Galápagos

‘634 and more

JP Morgan Healthcare Conference
January 2013

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€1 = $1.3

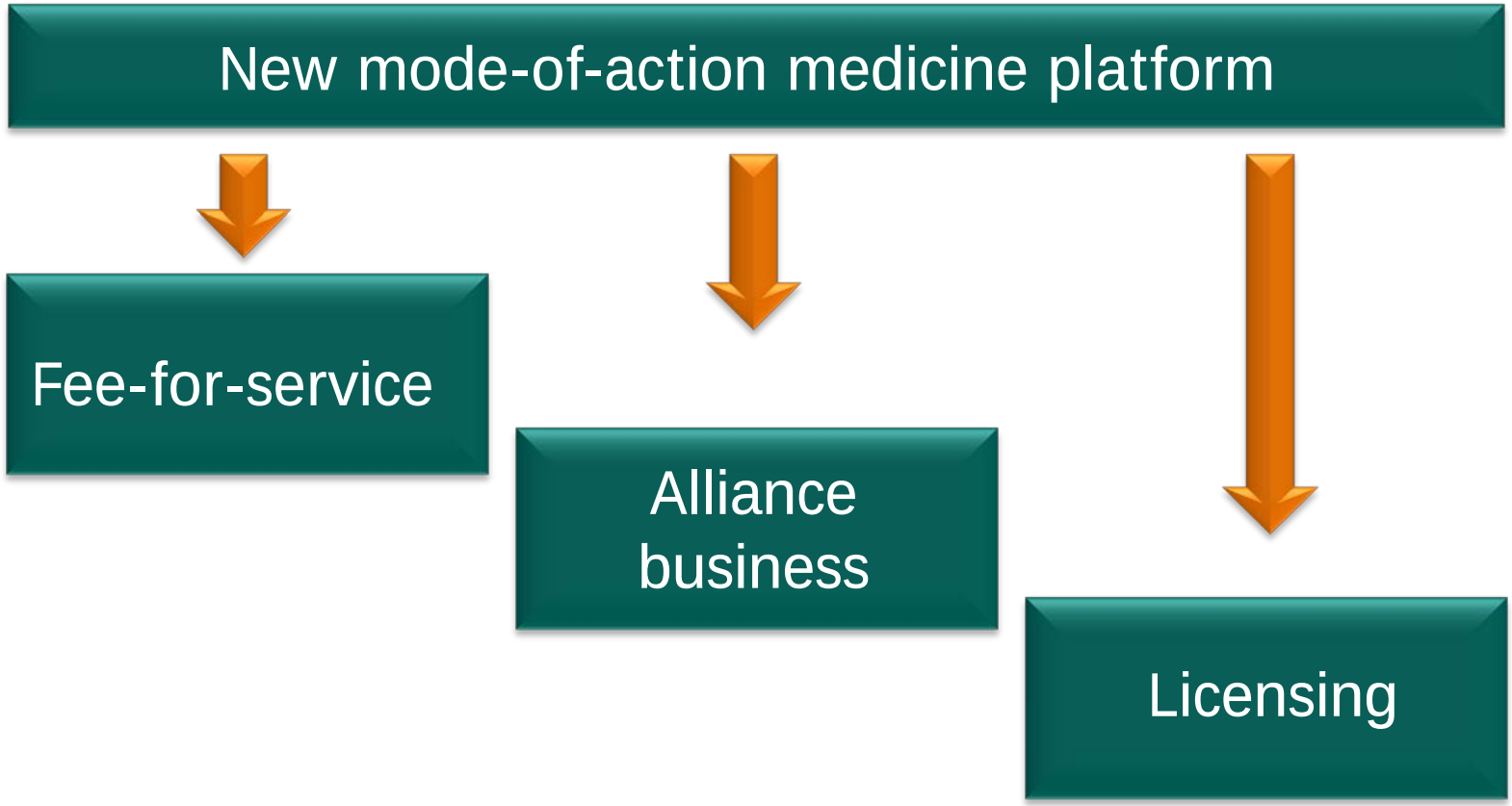
Galapagos: leading European biotech

- JAK1 license deal with AbbVie
- Major risk sharing alliances with pharma
- Leading fee-for-service provider with BioFocus & Argenta
- 830 staff, research sites in 5 countries, HQ in Belgium
- Large pipeline: 4 clinical, 3 PCC, 30 discovery programs
- Market cap ~ $585 M, 30.2 M fully diluted shares, Euronext: GLPG

Growth strategy

- Execute development of JAK1 program to Phase 2b results late 2014
- Build mature clinical portfolio
  - move programs through to Proof of Concept in the clinic
  - retain certain geographical rights
- Partner with big pharma to leverage our innovation
- Grow Service division revenues by 10-15% per year

Revenue generating business model



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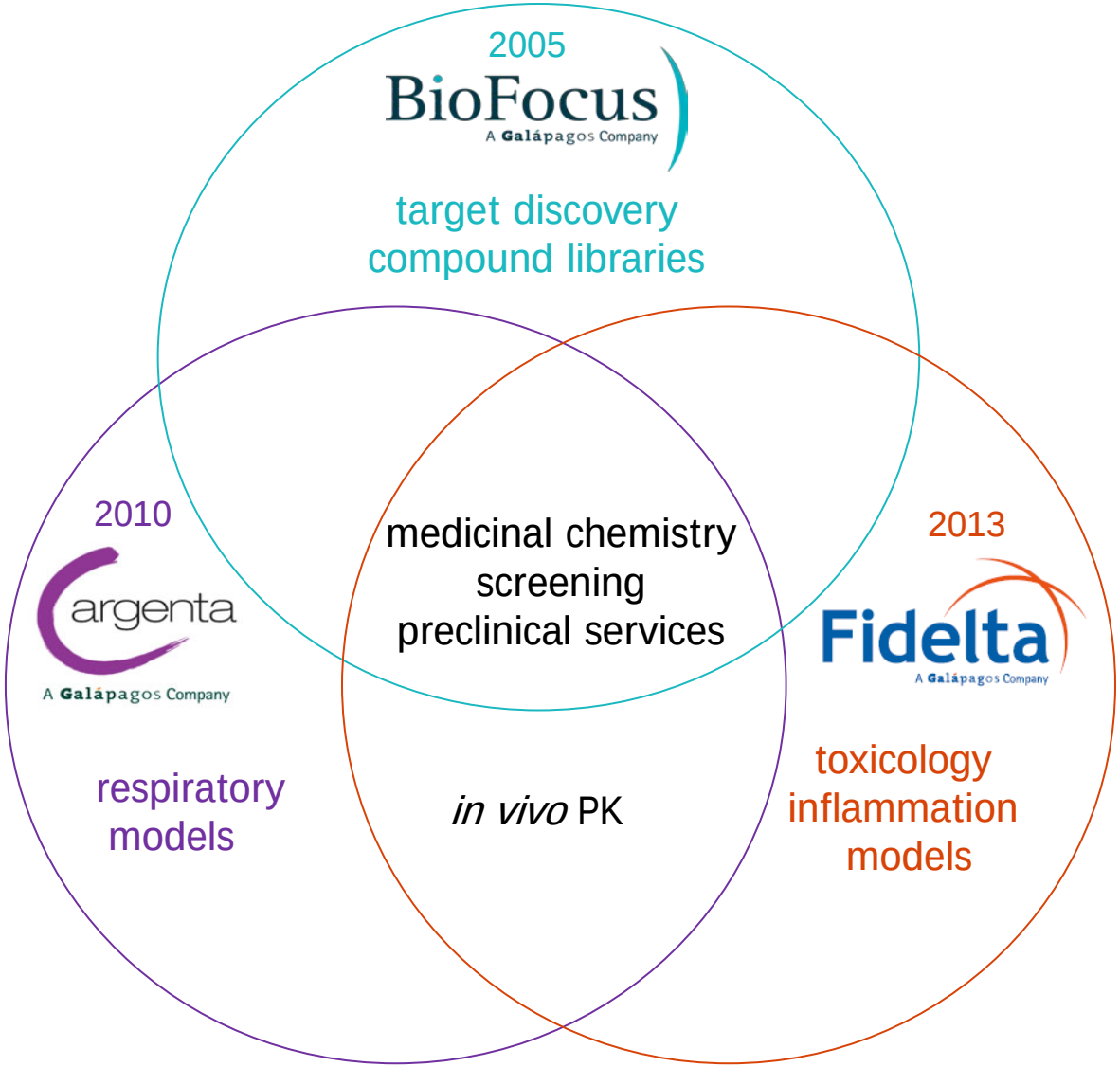
Full range of drug discovery services



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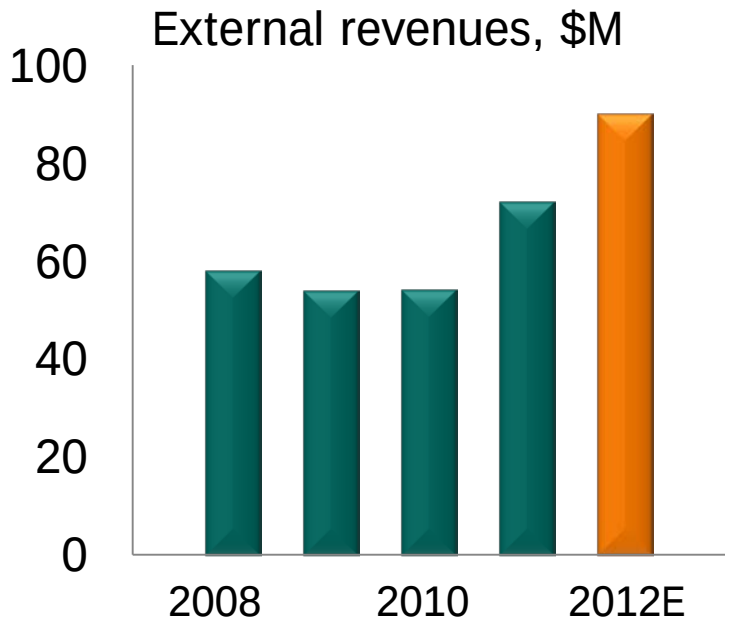
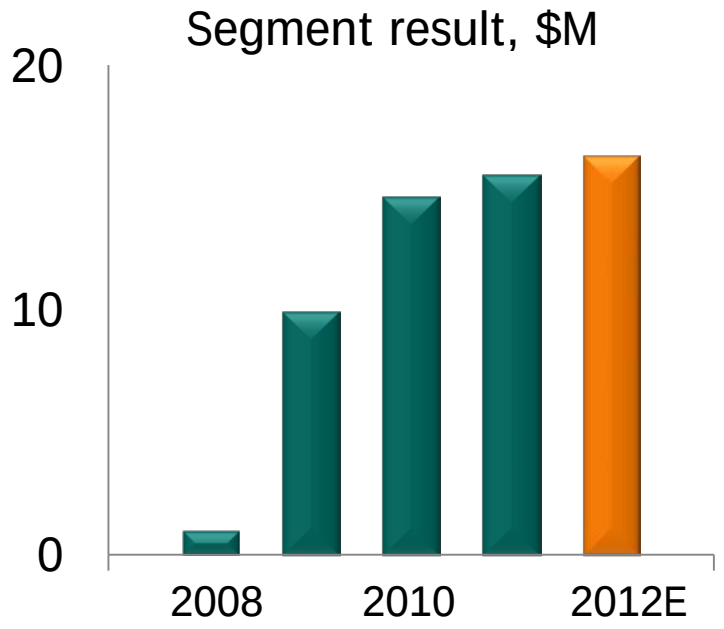
Service division growth story





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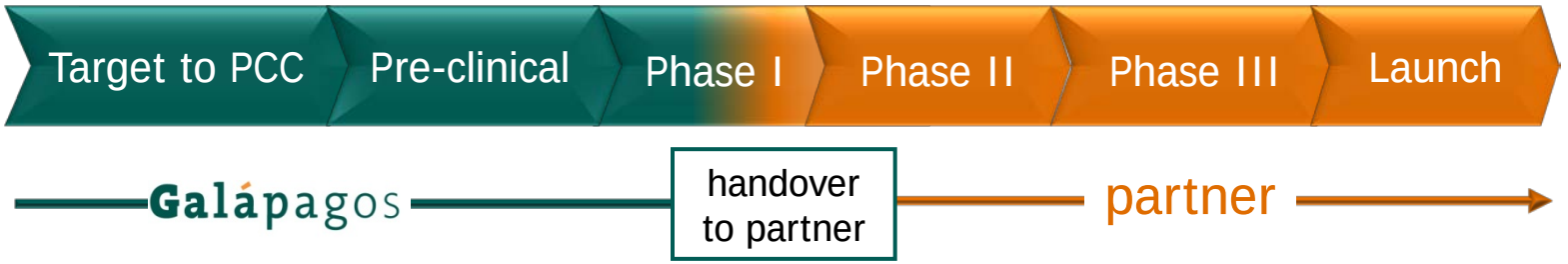
Alliance business

- Based on novel drug targets, discovered by Galapagos
- Partner has option to license program
  - at PCC, Ph I or PoC
- Success-based milestones + royalties
- Source of promising molecules & targets coming back to GLPG
- Received ~$275 M cash from alliances since 2006 start



Broad pipeline

Indication	Partner	Target	Stage lead program
RA	Abbott	JAK1	Phase II
Metastasis		IRA	Phase Ib patient study
Lupus	GSK	novel	Licensed - Phase I
IBD		GPR43	Phase I
MRSA		DNA pol IIIα	PCC
Inflammation	JnJ	novel	PCC
Osteoarthritis	Servier	novel	PCC
Oncology	Servier	novel	Lead optimization
Cystic Fibrosis		novel	Lead optimization

4 clinical programs, 3 PCC's
>30 discovery programs

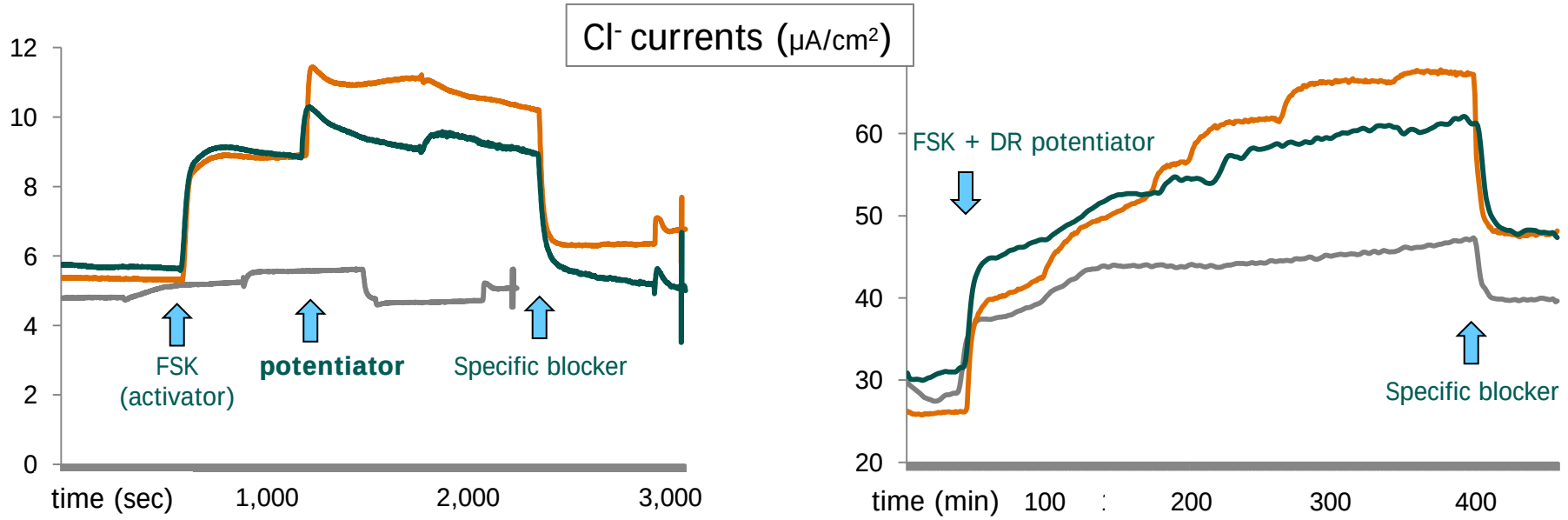
Cystic fibrosis

- Novel targets identified in lung cells from ΔF508 patients
- Programs proprietary to GLPG
- Learning from Vertex: Ussing chamber predicts clinical outcome
- 3 programs in hit-to-lead, new potentiator in lead optimization

CF programs on track to deliver PCC in 2013

Galapagos CF potentiators

Ussing chamber: Cl^- flow in 2 types of CF patient lung cells

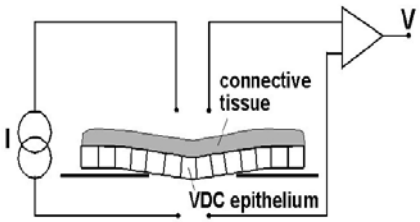


ΔF508 CF patient cells
(treated with 3 µM VX-809 corrector)

GLPG
Kalydeco™
DMSO control

G551D CF patient cells
(with increasing
dosage of potentiator)

Ussing chamber



GLPG potentiators open CFTR channels in patient cells

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Novel class of antibiotics

- DNA PolIIIa based antibacterial approach
  - no cross resistance with existing antibiotics
  - bactericidal activity
- Advanced *S.aureus* compounds
  - active against all *S.aureus* including MRSA & multiresistant strains
  - excellent *in vivo* activity
  - active as oral & IV
- Early compounds against:
  - *Staph, Strep, E.coli, H.influenzae*

Lead program entered pre-clinical development in Nov 2012

Strong activity vs MRSA

Inhibits 100/100 MRSA strains tested

Phenotype	Amoxicillin	Ciprofloxacin	Linezolid	**GLPG**
MRSA FQ-R Line-R				
MRSA, FQ-R Line-R				
FQR + MRSA				
FQR + MRSA				
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USA400 community MRSA				
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MRSA				
MRSA				
MSSA				
MSSA, ATCC13709				
MMSA, ATCC25923				
MSSA				

Active

Intermediate

Not active

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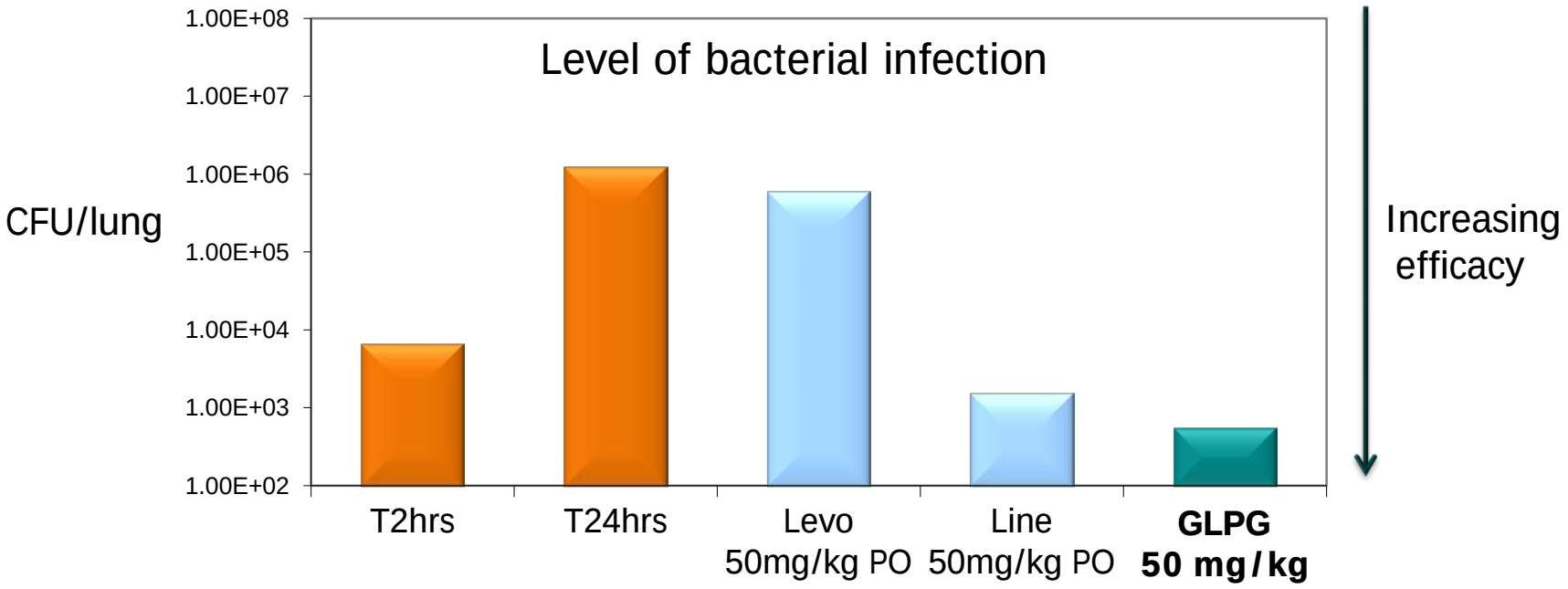
Active *in vivo*

In vivo efficacy in lung infection (oral administration)



Active in MRSA *in vivo* models

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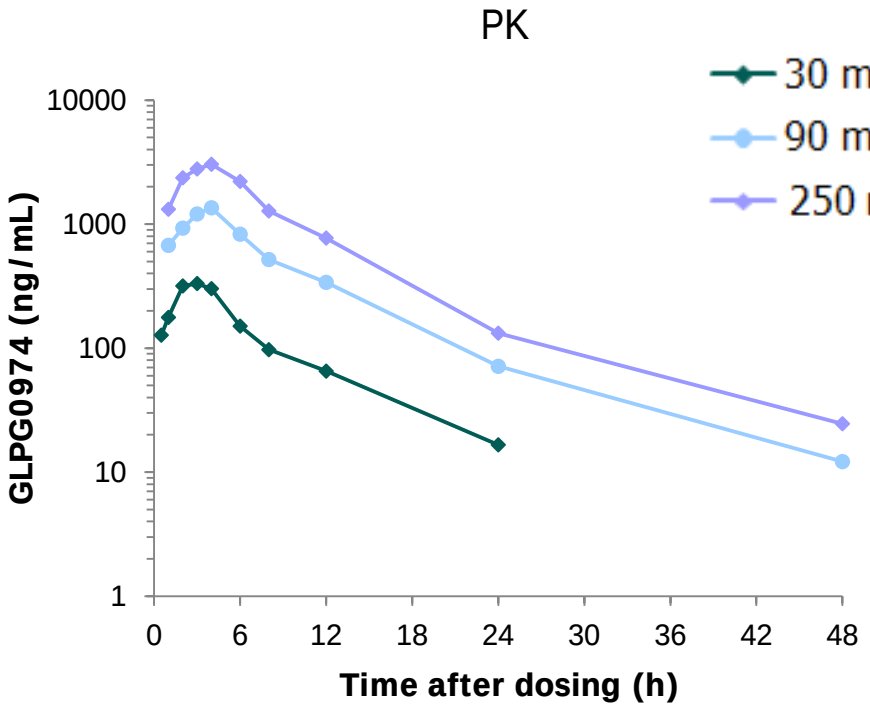
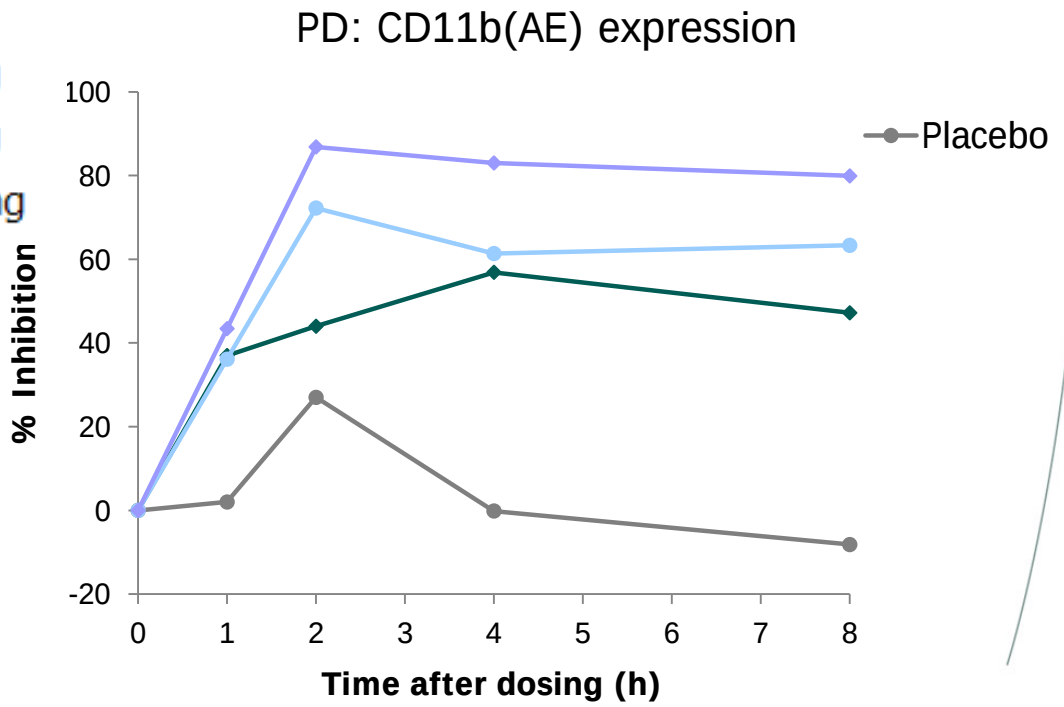
‘974 in inflammatory diseases

- Target GPR43 (FFAR2) is upregulated in gut tissue of UC and IBD patients
- ‘974 first GPR43 inhibitor to be evaluated clinically
- Excellent Phase I data





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Clinical JAK inhibitors in RA

Company	RA drug	JAK profile	Phase
Pfizer	Xeljanz	JAK3>JAK1>JAK2	Approved
Incyte / Lilly	baricitinib	JAK1=JAK2	Phase IIb
Vertex	VX-509	JAK3	Phase II
Galapagos	**‘634**	**JAK1**	**Phase II**
Astellas/JnJ	ASP015K	JAK3/JAK1	Phase II

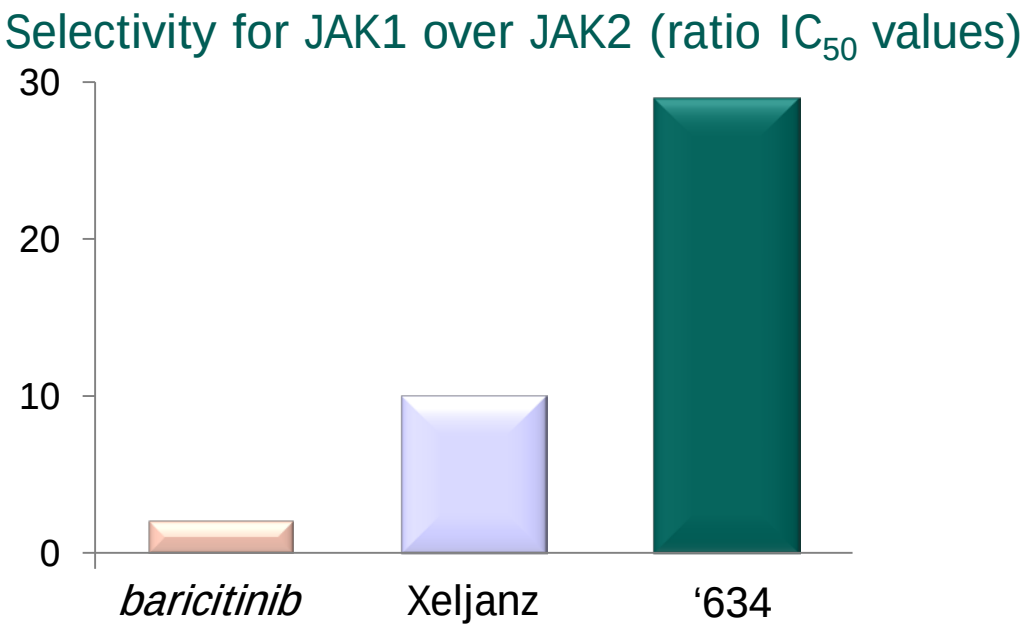
‘634: opportunity to differentiate from other JAK inhibitors

JAK1 selectivity over JAK2

‘634 compared to Xeljanz and *baricitinib*

Profiling for JAK1 and JAK2 in cellular whole blood assay

- JAK1: IL-6/pSTAT1
- JAK2: GM-CSF/pSTAT5



‘634 is the most JAK1 selective clinical compound

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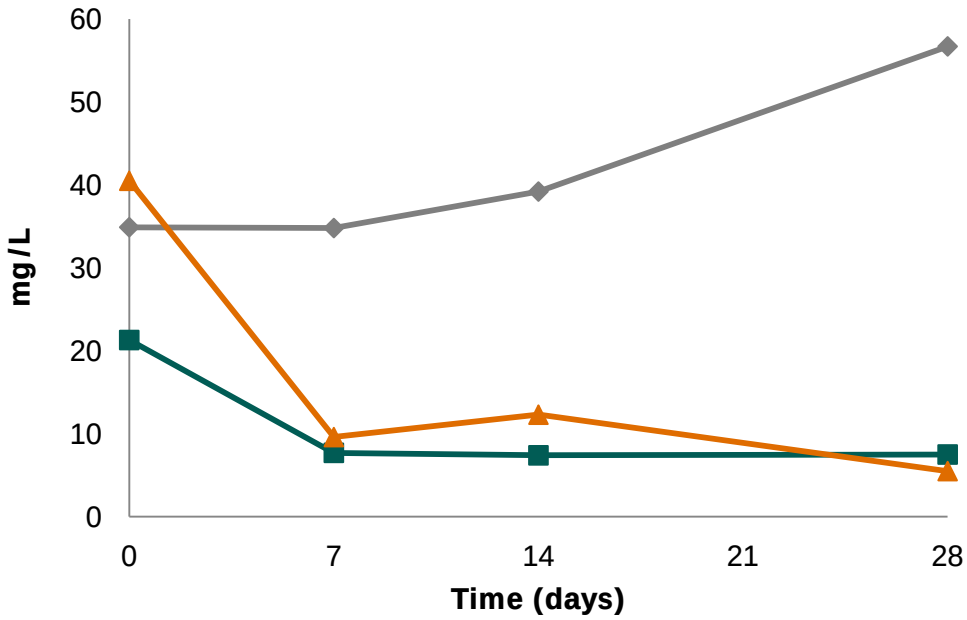
JAK1 profile creates opportunities

- JAK2 & JAK3 inhibition has shown:
  - dose-limiting anemia
  - increases in LDL & liver enzymes
- Xeljanz Phase III dosing limited to 5 mg & 10 mg
  - incidence of (severe) anemia at doses of 10 mg bid and higher
  - Xeljanz approval for 5 mg dose only
- JAK1 inhibition anticipated to have less side effects

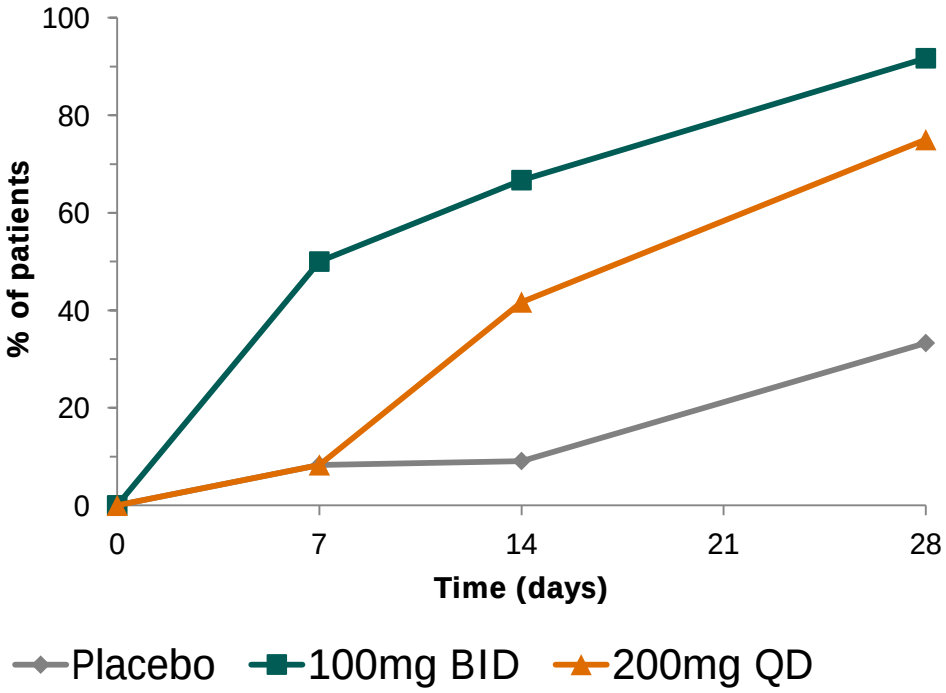
‘634 efficacy Ph II POC

36 patients in 4 week trial

Changes in serum CRP (mg/L)



% patients reaching ACR20



Highly efficacious with rapid onset of action, no reported side effects

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‘634 safety summary

- no SAEs on ‘634 treatment
- few patients reported treatment-emergent side-effects
- improvement of hemoglobin
- no increase in LDL-cholesterol
- no treatment-induced effects on liver function tests (ALT, AST)
- modest decrease in neutrophils and platelets
- no effects on cardiovascular safety (incl. blood pressure)

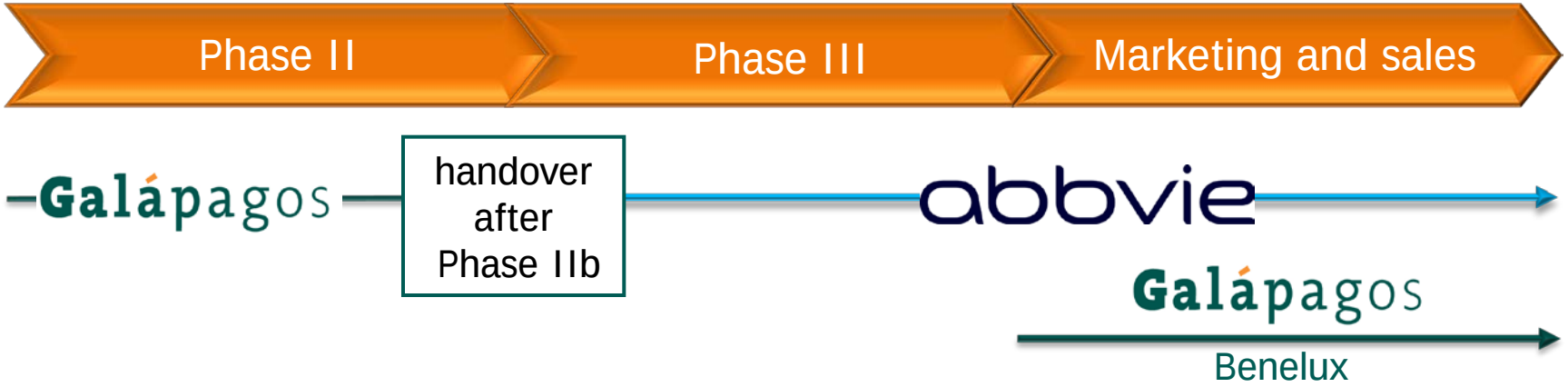
‘634 Phase IIa study

- Study design
  - 90 RA patients with insufficient response to MTX, naïve to biologics
  - Doses: placebo, 30, 75, 150 and 300 mg QD, on top of ongoing MTX
  - 28-day, once daily oral dosing
  - 19 study centres in Russia, Ukraine, Hungary, Moldova
- Outcome
  - Safety profile repeated: absence of anemia, changes in LDL or liver enzymes
  - Clinical improvements seen in 75 – 300 mg doses
  - Statistically significant improvement in CRP, DAS28, HAQ-DI, and ACR at 300 mg dose

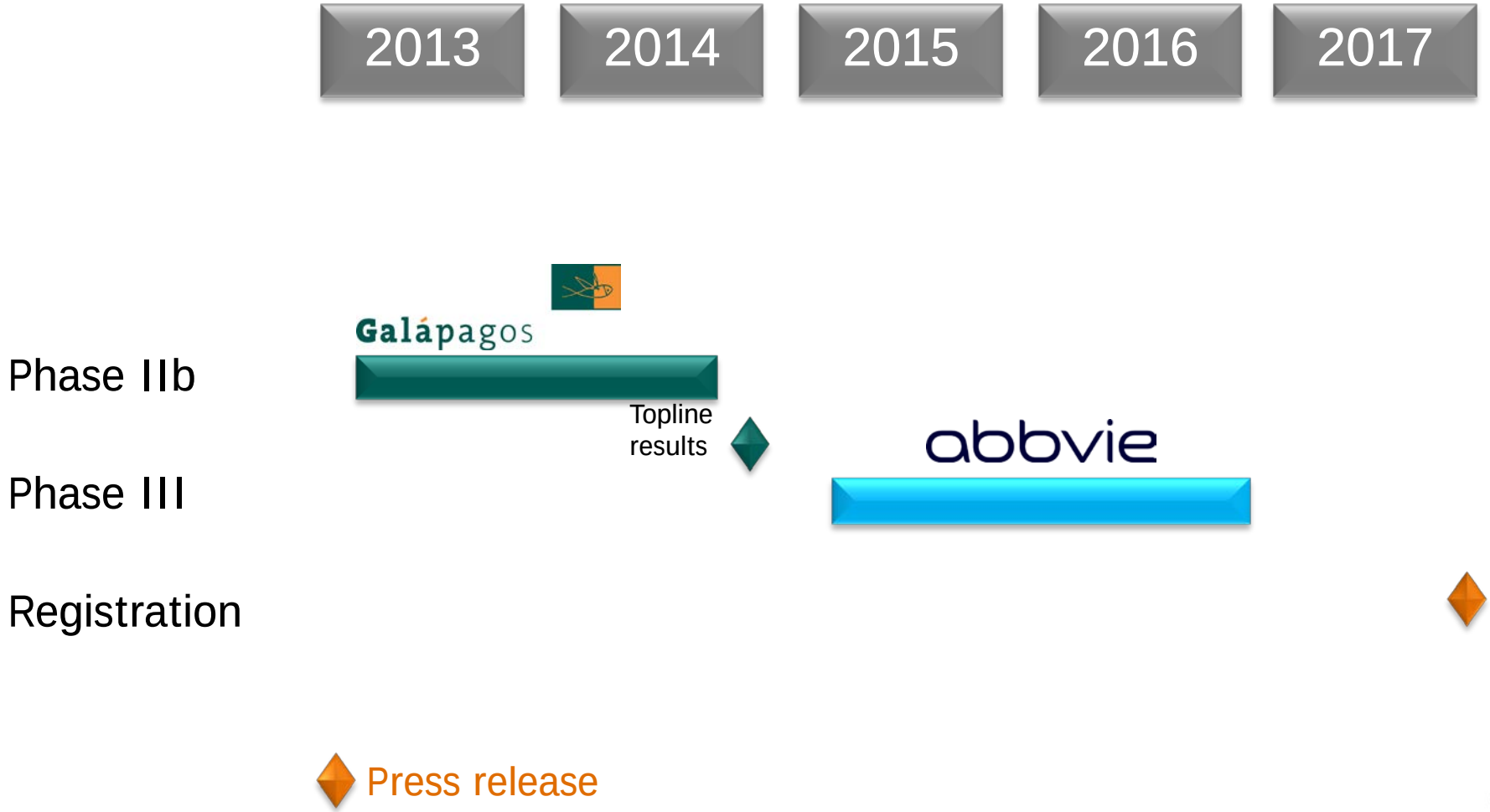
Unique safety profile and good efficacy repeated

Deal structure with AbbVie

- Upfront payment $150 million
- Galapagos performs & funds Phase II in RA
- License fee $200 million after achievement Phase IIb criteria
- AbbVie performs & funds Phase III, registration & commercialization
- GLPG to receive up to $1 billion in milestones + double digit royalties
- Fiscal benefits from Belgian Patent Income Deduction law



Summary of ‘634 clinical plan for RA



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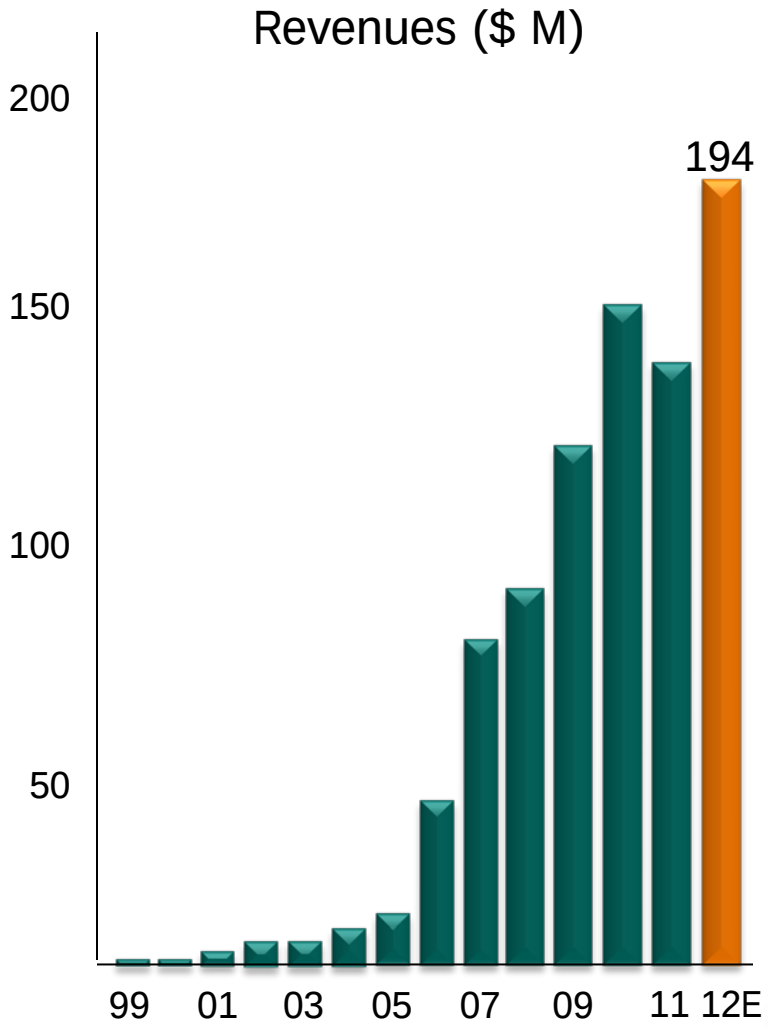
Guidance 2012

- Group revenues > $194 M
- Year end cash position > $165 M
- Positive operational result & net income
- Increased cash and profit contribution service operations



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News flow 2013

- Start Phase IIb studies with ‘634 JAK1
- Phase I readouts with ‘187 IRA and ‘974 GPR43
- Complete Phase II PoC with ‘974
- Start 3 Phase I FiH with new MoA’s
  - Servier osteoarthritis alliance
  - GSK inflammation alliance
  - JnJ inflammation alliance
- Delivery of PCC with potentiator in cystic fibrosis
- Delivery of more PCCs in the alliances
- Continued strong performance of service division

Two Phase II, multiple Phase I programs by end 2013

Bright outlook for Galapagos

- AbbVie partnership and GSK in-licensing of our programs validate our approach
- ‘634 has blockbuster market potential
- Broad pipeline provides further opportunities for clinical success
- Strong cash flow and profits from service division
  - contribute to financial predictability
  - support funding of our proprietary programs

Galapagos in excellent position to build value for its shareholders