



Name:	GALAPAGOS
Country:	Belgium/The Netherlands
Price:	EUR 24.79
ISIN Code:	BE0003818359
Reuters Code:	GLPG.BR
Market Cap (EUR m):	751.11
EV (EUR m):	576.11
Cash & cash eq. (EUR m):	175.0
Shares outstanding (m):	57.3
Volume:	311,400
Free float:	85%
52-week Range:	15.99-25.00



DAILY MOLECULE

FINANCIAL FOCUS ON EVERYDAY BIOTECHNOLOGY

- Galapagos (GLPG>BR) announced that its JAK1 inhibitor filgotinib (GLPG0634) met its primary and secondary endpoints after 12 weeks of treatment in the so-called DARWIN in moderate to severe RA patients. The study achieved its primary endpoint with a statistically significant improvement in ACR20 score versus placebo after 12 weeks of treatment at a daily dose of 200 mg. Statistically significant ACR50 scores were achieved with all dose levels and dose regimens. Results were reported for 594 patients who showed an inadequate response to methotrexate and who remained on their background therapy of methotrexate.
- The earlier press release of 12 November noted continued high (>90%) enrollment of patients in long-term DARWIN 3 study. The importance of this high enrollment rate of DARWIN 1 and DARWIN 2 patients in the long-term DARWIN 3 programme throughout all geographical areas cannot be overstated. It implies that patients and treating physicians are convinced of efficacy and safety of GLPG0634, both for patients who combine it with MTX in DARWIN 1 and those who don't in DARWIN 2. That already indicated that we could expect very positive results from these trials.
- Partner AbbVie will base its licensing decision on the complete 24 week DARWIN 1 and 2 data packages from GLPG0634. That would trigger a USD 200 million milestone. Currently, AbbVie has seven drugs in clinical development for Rheumatoid Arthritis to potentially succeed its blockbuster drug Humira (sales 2014: USD 12.5 billion) that will be running off patent between end 2016 (US patent) and 2018 (EU patent). That filgotinib is leading in that pack was already reflected by the USD 1.3 billion (plus double digit royalties) partnership deal with GLPG. The top line results only confirm that status and we feel that it definitely paves the way for a take over of GLPG by AbbVie (estimated acquisition price EUR 35-40). We believe that also GLPG makes room for this scenario by ending its partnership with JNJ earlier this year on another inflammation program. The partnership with AbbVie is by far GLPG's largest and most important partnership.
- We believe that Galapagos is substantially undervalued with cash balance at more than EUR 175 million by end 2014 and potential blockbuster programs. These first topline data are expected to be confirmed by another set of data of the DARWIN 2 trial, which we expect to be published within a few weeks. If successful, the stock should move towards EUR 35 by end 2015.

Analyst: Marcel Wijma MSc

Marcel Wijma, Chief Research Officer and managing partner, has a longstanding history in financial biotech research. After selling Van Leeuwenhoek Research (VLR) to SNS Securities in 2006, he established an award winning analyst team in biotech/life sciences at SNS Securities. In 2009, Marcel was awarded by Financial Times/Starmine as being one of the Top-3 biotech analysts in Europe. Later that year, Marcel purchased VLR from SNS Securities after which the company was reconstituted. At VLR, he leads the professional VLR research organisation, which is augmented by selected external financial researchers with a specialisation in Life Sciences. Mr. Wijma has a Masters degree in Financial Economics from Erasmus University in Rotterdam.

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