

Galápagos

Company presentation

March 2010





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Sustainable self-reliance

- Exceeded all financial goals in 2009
- Realized first year of profit and generated cash
- Made strong progress in the clinic
- Signed three new alliances worth ~ €1 billion

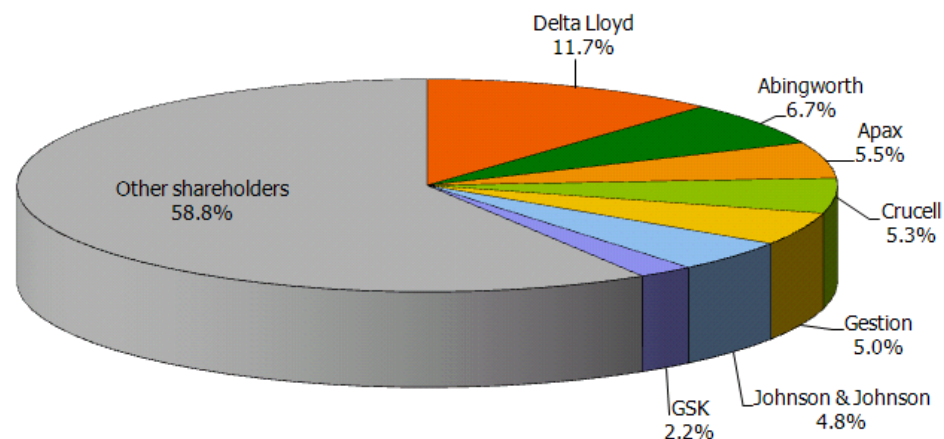
Galapagos' strategy is successful

Galapagos fact sheet

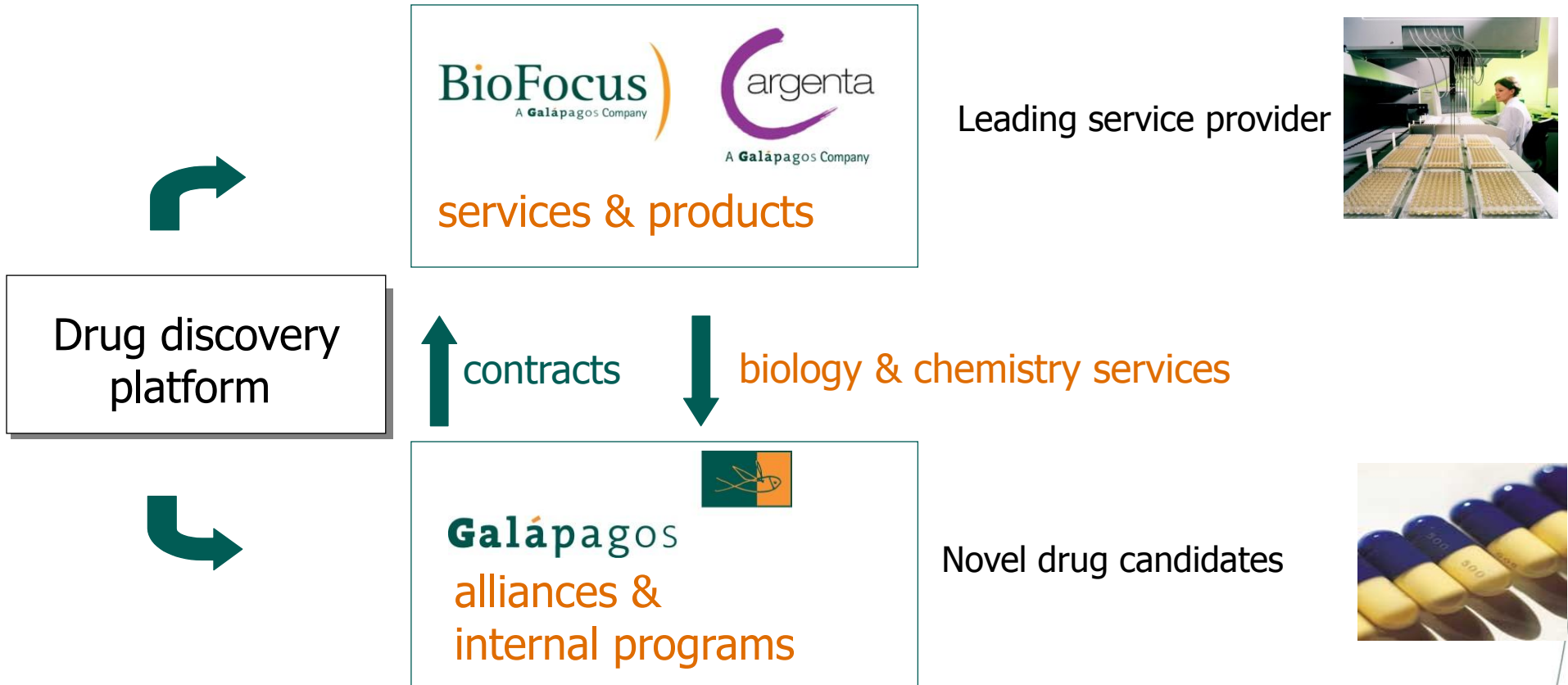
- 1999 founded by Crucell & Tibotec
- 2002 VC financing
- 2005 IPO on EuroNext, acquired BioFocus
- 2006 1st pharma alliance
- 2009 revenues €106 M, net profit €3 M
- 2010 7th alliance, acquired Argenta

| | |
|------------|----------|
| Staff | 650 |
| Market cap | ~ €270 M |

Major shareholders



Business model





Galapagos strategy

- Create breakthrough medicines
- Finance R&D through
 - risk-sharing alliances
 - service division profits
- Broadly exploit drug discovery engine
 - alliances in small molecules & antibodies
 - 4 programs in the clinic, 3 in preclinical, >40 in discovery
 - build orphan disease pipeline

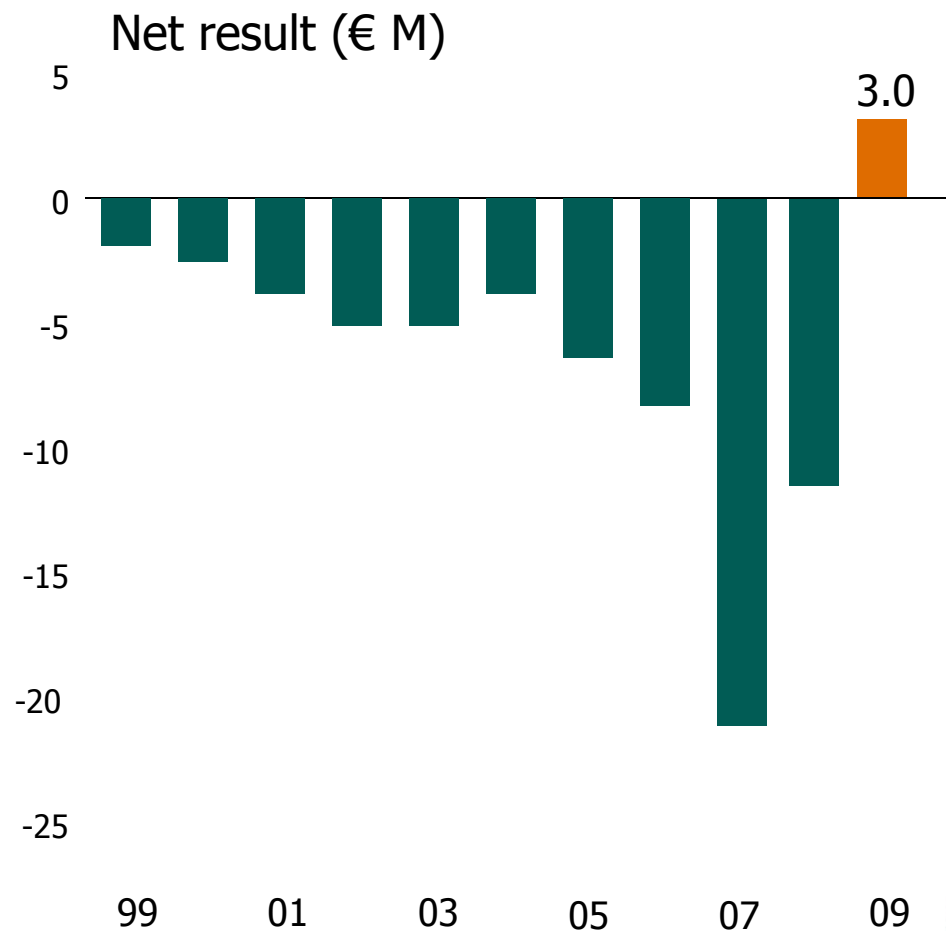
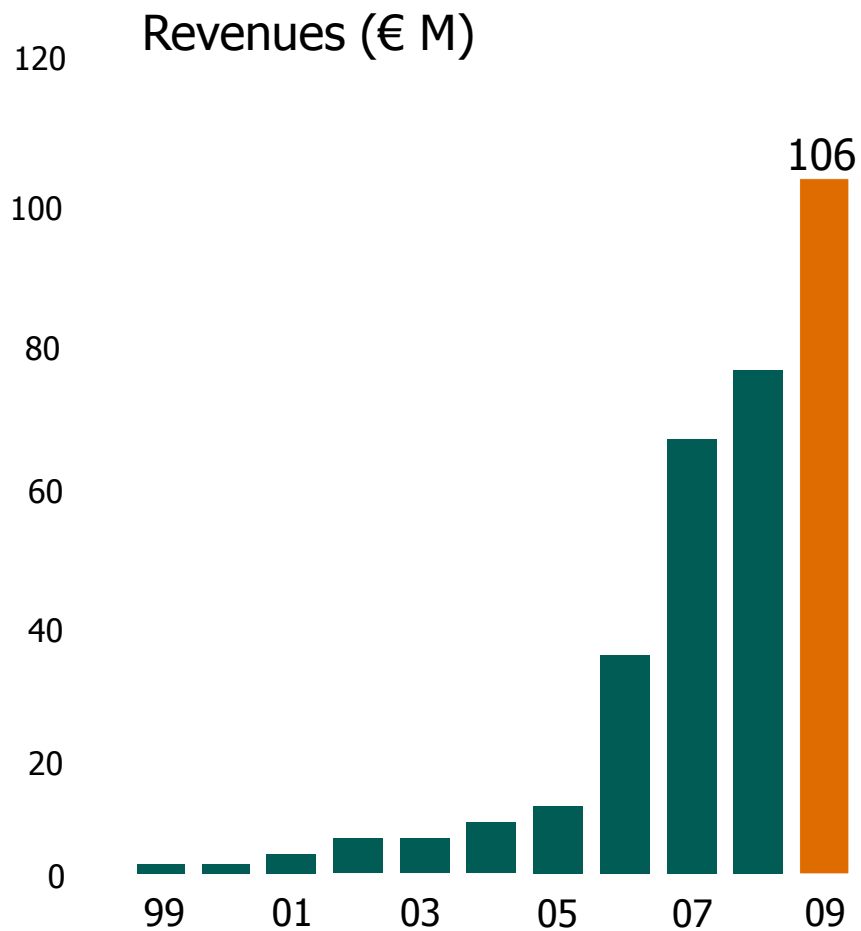


Our strengths

- Broad & balanced portfolio
 - strong, diverse product pipeline
- Top tier pharma partners
 - GSK, J&J, Lilly, Merck, Roche
- High revenue growth & profitability

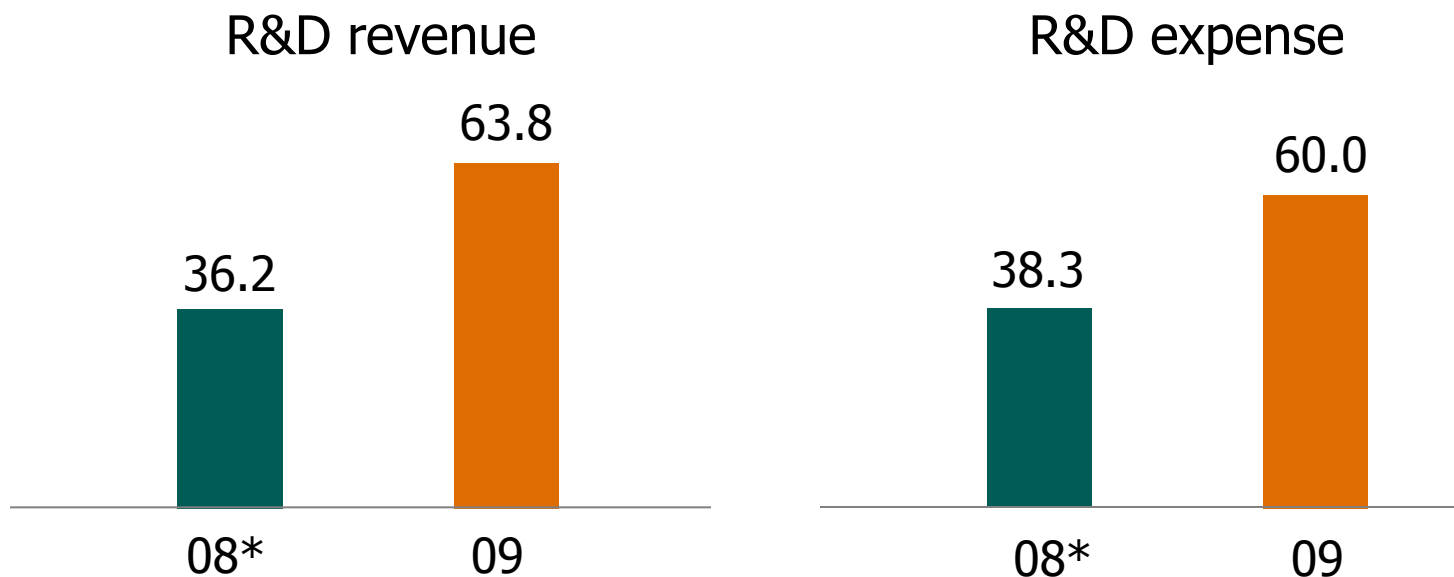


10 year evolution



R&D: revenue and expense balanced

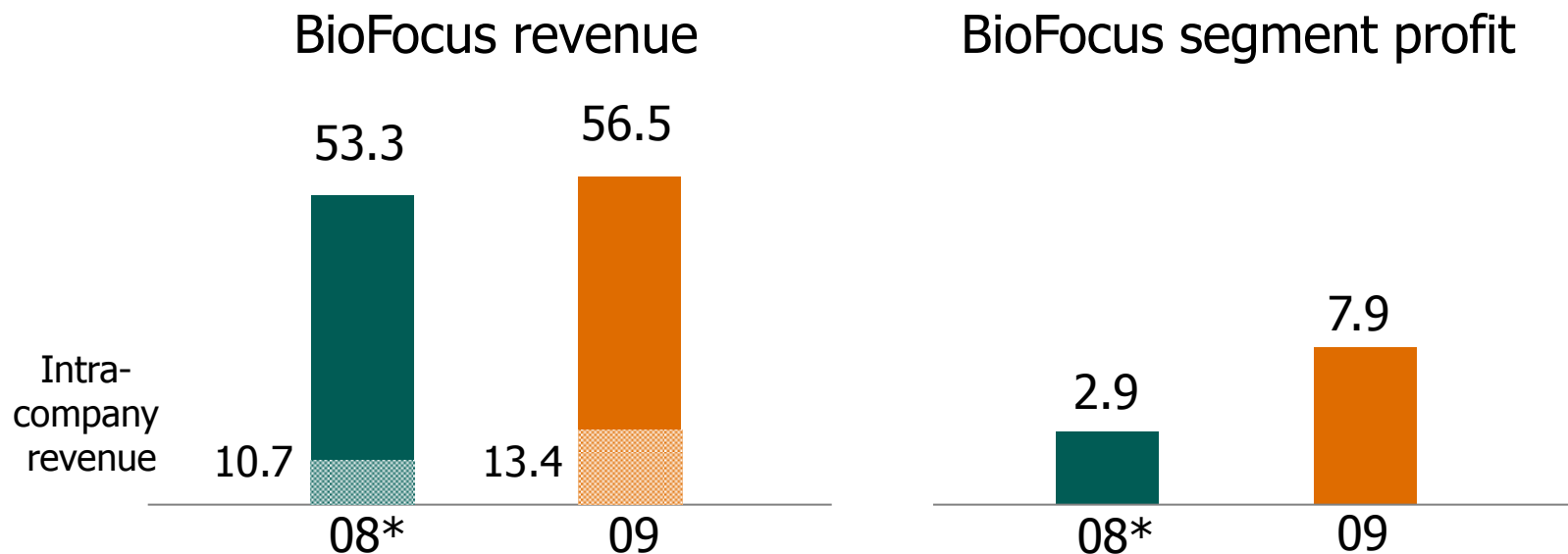
- Revenue growth of 76%
- Milestones achieved in all alliances
- Expense increased by 57%



in € millions, * pro forma restated

Services: continued strength

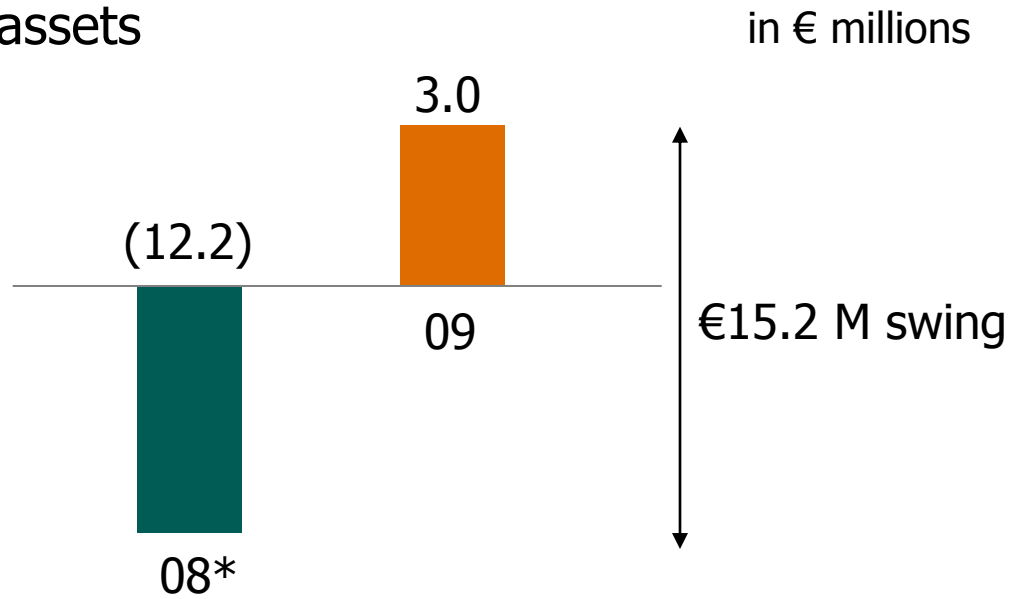
- Top line revenue growth of 6%
- 13% organic revenue growth, on like-for-like basis
- Profit more than doubled



in € millions, * pro forma restated

Group net profit

- Group operating result of €1.7 M (+ €10 M)
- Driven by alliance income, BioFocus profit
- €1.3 M deferred tax assets



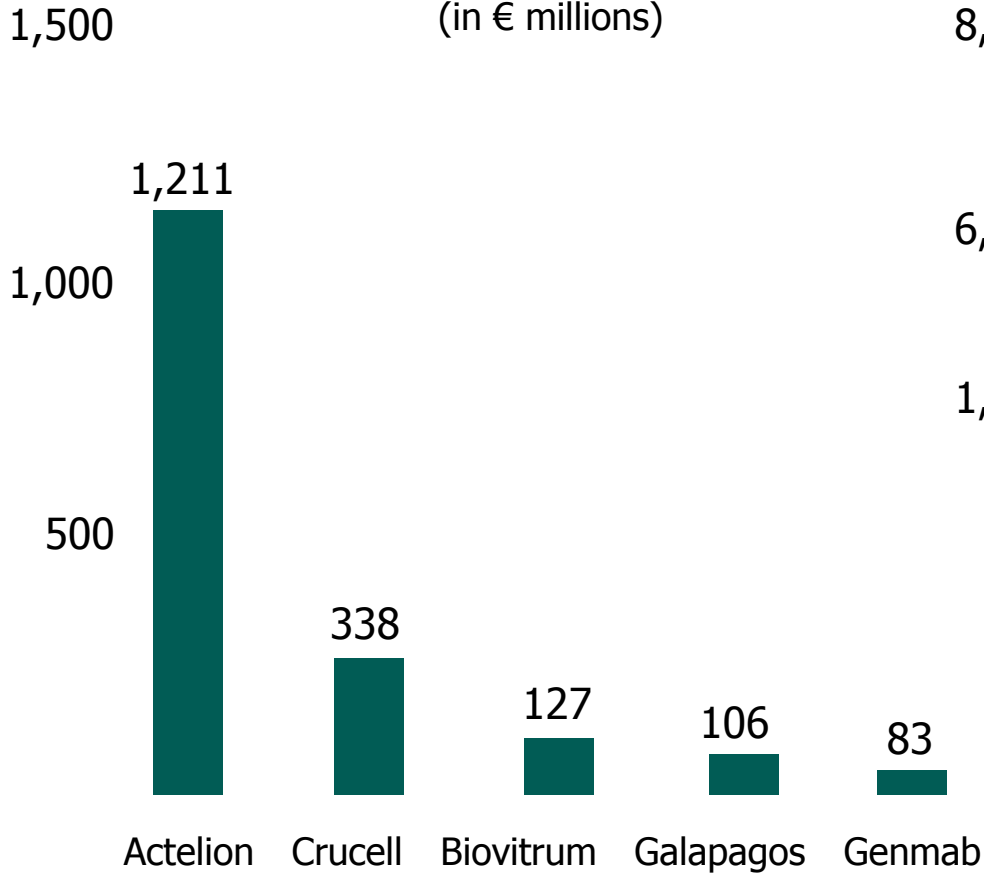
| | | |
|--------------------------------|---------|-------|
| Net earnings (loss) per share: | (€0.58) | €0.14 |
|--------------------------------|---------|-------|

* pro forma restated

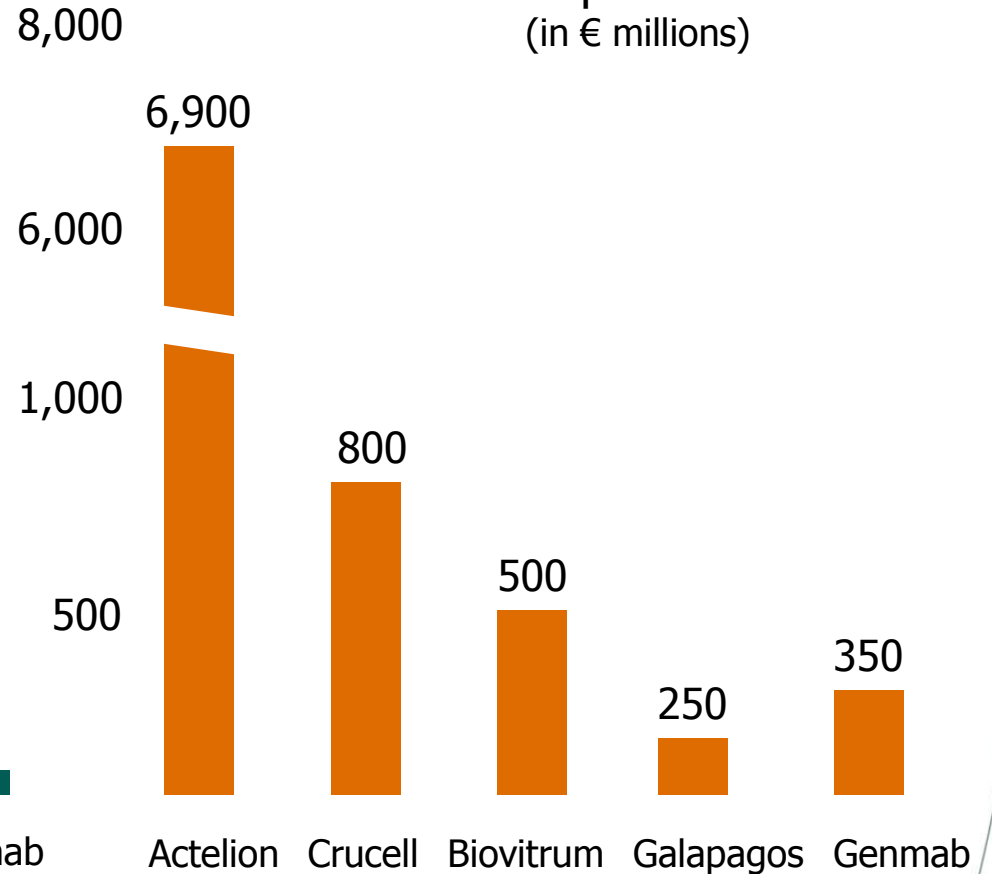


European biotech top 5

2009 revenues
(in € millions)



Enterprise value
(in € millions)





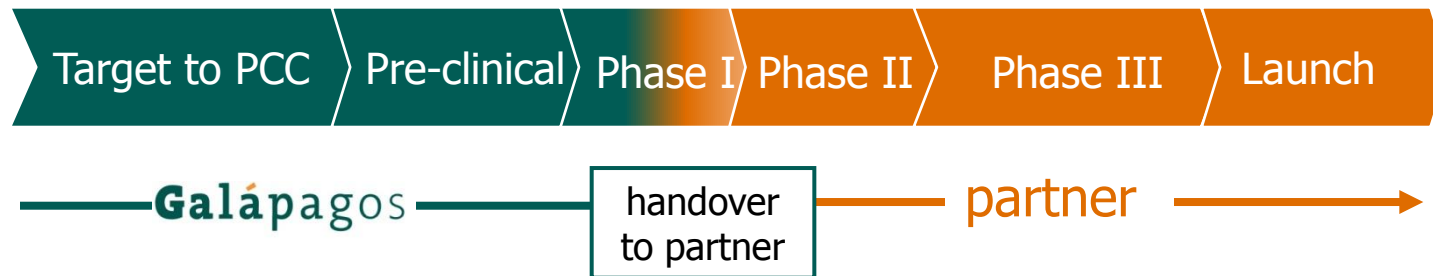
Pharma needs new modes of action

- Patents on blockbuster drugs start to expire
- Pharma needs new mode of action drugs...
 - struggles to realize results of internal research, so:
 - looking externally for innovation








Our pharma alliance strategy

Reduces risk & preserves upside for Galapagos

- Based on novel drug targets, discovered by Galapagos
- Partner has option to license program
 - at candidate drug, Ph I or Ph II
- Galapagos runs R&D programs through milestone payments
- Access to disease expertise from pharma

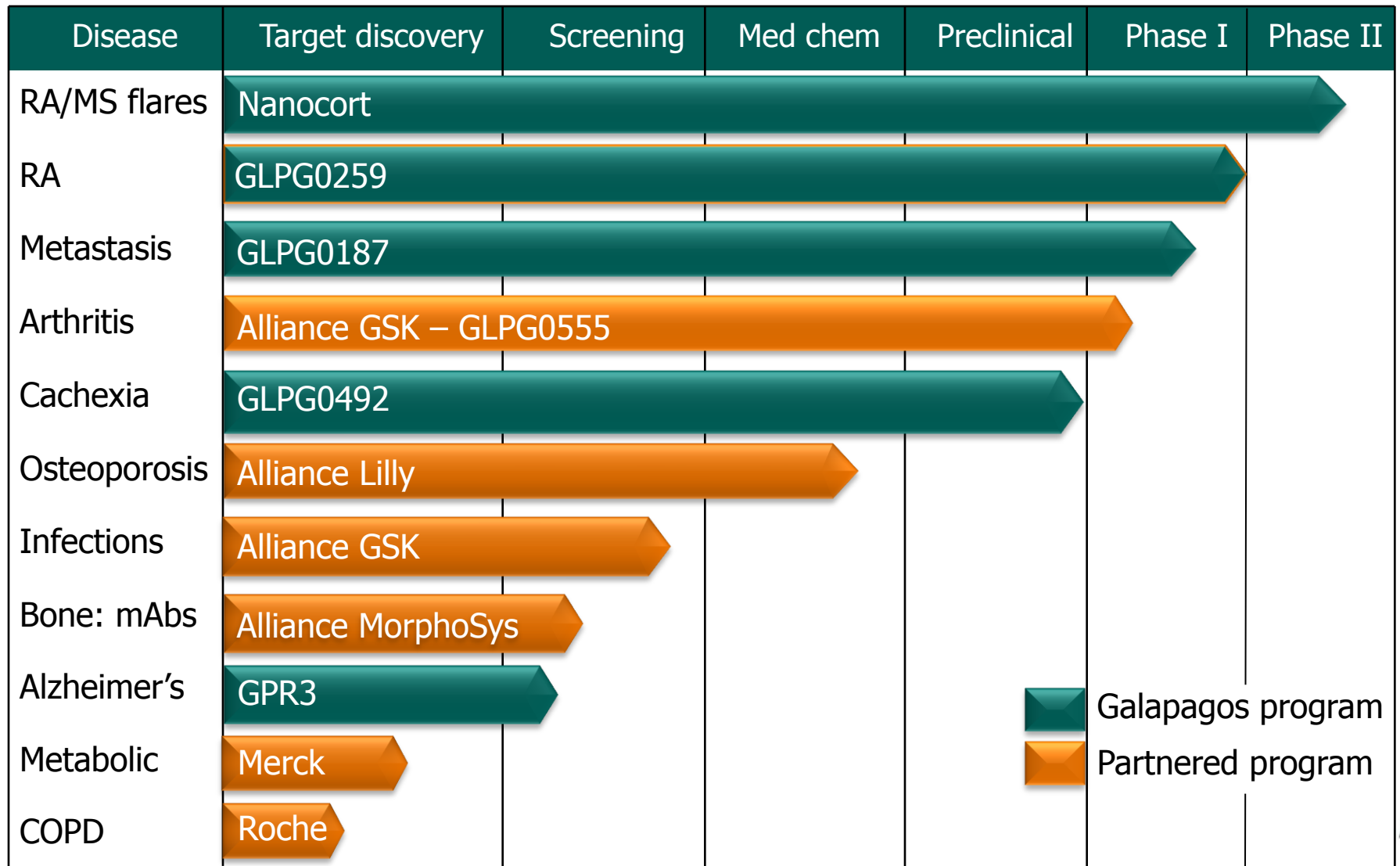


Galapagos pharma alliances

| Indication | Partner | Deal value | Year |
|----------------------|---|--|------|
| Arthritis |  | €200 M + double digit royalties | 2006 |
| Rheumatoid arthritis |  | €1 B + double digit royalties | 2007 |
| Anti-infectives |  | €219 M + double digit royalties | 2007 |
| Osteoporosis |  | €275 M + double digit royalties | 2007 |
| Metabolic |  | €400 M + double digit royalties | 2009 |
| Inflammation |  | €192 M + sales milestones + double digit royalties | 2009 |
| COPD |  | €400 M + double digit royalties | 2010 |

Payments to date: ~ €110 M
 Potential risk-adjusted milestones: ~ €2.9 B

Our product pipeline - Mar 2010





Rheumatoid arthritis GLPG0259

New mode-of-action molecule based on proprietary target

- Orally active drug for the disease
 - once daily tablet
- Disease modifying
 - reducing inflammation of the joint
 - reducing destruction of bone & cartilage
- Blockbuster potential
- Janssen Pharmaceutica option to license after Phase IIa
 - €60 M licensing fee
 - > €800 M clinical, regulatory & sales milestones
 - double digit royalties



GLPG0259 Phase I

Summary

- Demonstrated good safety
 - no effect on blood, urine & cardiovascular parameters
 - most common adverse effect (gastric discomfort) easy to monitor
- Excellent pharmacokinetic (PK) profile, supports once-daily oral dosing
- Multiple ascending dose studies completed
 - similar safety and PK profile
 - feasible to combine with methotrexate in Phase II studies
 - capsule formulation tested/selected for Phase II trial

Results support moving to Phase II study



Entering orphan diseases

- Diseases that have not been “adopted” by pharma
- Starting drug discovery on 4 targets
- Galapagos discovered targets for 5 orphan diseases
 - based on contracts with patient foundations
- Patient populations well-organized
 - easy access to patients
- Incentives for bringing orphan drugs to market
 - subsidies, market exclusivity, faster approval process

Galapagos medicine to patients,
captures upside



Our ambition in 2010

- Progress clinical programs
- Deliver four preclinical candidates
- Advance alliances according to plan
- Capitalize on Argenta acquisition
- Further leverage discovery platform
- Increased cash & profit contribution of service division
- Group revenues > €135 M
 - cashflow positive
 - operating and net income positive

Execute the strategy profitably