



Press release

29 January 2010

## **Galapagos delivers strong 2009 performance, expects positive operating income in 2010**

- **2009 revenues at or above €100 million**
- **2009 positive cash-flow of €20 million**
- **2009 year-end cash balance €47.3 million**
- **2010 guidance: positive operating income and cash-flow, revenues above €120 million**

**Mechelen, Belgium; 29 January 2010 – Galapagos NV (Euronext: GLPG) released a trading update based on unaudited preliminary results for full year 2009. Revenues for 2009 will be at or above previously given guidance of €100 million, more than 30% growth over 2008. Strong cash flow from Galapagos' strategic alliances, combined with BioFocus' income and a successful private placement in October 2009, resulted in a year-end cash balance of €47.3 million (compared to €27.3 million at the end of 2008). Based on alliance and service division revenue forecasts for 2010, Galapagos anticipates group operating income and cash flow to be positive in 2010, with revenues above €120 million, a 20% increase over 2009.**

"Following our strongest ever financial and operational performance, Galapagos now joins the select group of European biotechnology firms that are self sufficient," said Onno van de Stolpe, CEO of Galapagos. "Galapagos' hybrid business model has proven a successful blueprint for financial self-reliance in discovering and developing breakthrough medicines. We believe that the substantial growth and the profitability that we foresee for 2010 will be sustainable in future years."

In its audited financial reporting scheduled for 5 March 2010, Galapagos will present 2009 revenues growth fueled by its pharma alliances as well as continued solid performance by BioFocus. In its pharma alliances, Galapagos delivered strong results and received milestone payments from all of its partners (GlaxoSmithKline, Janssen Pharmaceutica, Lilly and Merck & Co.). BioFocus recorded strong margin improvement on top of sales growth, resulting in increased profitability for 2009. The positive cash flow from the alliances and from BioFocus operations, in combination with the successful €18.2 million private placement in October 2009, resulted in a year-end 2009 cash position of €47.3 million. This is €9.3 million better (24%) than the updated guidance of €38 million given in November following the successful private placement.

In the last quarter of 2009, Galapagos signed an alliance with Roche in COPD, expanded its strategic alliance with Merck in metabolic diseases and broadened the arthritis alliance with GSK. Galapagos now has four programs in clinical development. The first Phase I study with metastatic cancer candidate drug GLPG0187 was completed, showing good safety and promising biomarker results. Additionally, two new clinical trials were started in the fourth quarter of 2009: a Phase II clinical trial for multiple sclerosis flares with Nanocort and a first-in-human study for GLPG0555, part of the arthritis alliance with GSK. At the end of 2009, BioFocus extended its long-term collaboration with Amgen, signed a compound management agreement with the TB



Alliance and received multiple milestone payments in its oncology target discovery collaboration with Ortho Biotech Oncology Research & Development, a division of Janssen Pharmaceutica.

In the fourth quarter, Galapagos also appointed ABN AMRO Bank N.V. (to be renamed The Royal Bank of Scotland N.V. in due course) as liquidity provider.

Forecasted revenue from Galapagos' seven alliances with pharmaceutical companies and visibility into the BioFocus order book encourage management to give guidance for 2010 Group revenues above €120 million, with a positive cash flow and a positive operating income for full year 2010.

These preliminary financial results have not been audited and could deviate from actual results.

### **About Galapagos**

[Galapagos](#) (Euronext: GLPG; OTC: GLPYY) is a drug discovery and development company with small molecule programs in bone and joint diseases, metastatic cancer, cachexia, anti-infectives and metabolic diseases. It has established risk sharing alliances with GlaxoSmithKline, Janssen Pharmaceutica, Lilly, Merck & Co. and Roche. Through an alliance with MorphoSys, Galapagos is also developing new antibody therapies in bone and joint diseases. Its division BioFocus offers a full suite of target-to-drug discovery products and services to pharmaceutical and biotech companies and to patient foundations, encompassing target discovery and validation, screening and drug discovery through to delivery of pre-clinical candidates. Galapagos has more than 500 employees and operates facilities in six countries, with global headquarters in Mechelen, Belgium. More info at: [www.glp.com](http://www.glp.com)

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