Galapagos

Like a fine wine…

KEMPEN & CO
Merchant Bank

LifeSciences / Healthcare ▪ Belgium 7 January 2016

After rising 250% in the first 9 months of 2015, Galapagos' shares declined over 35% in September following the news that AbbVie opted out of the Filgotinib license agreement. The market appeared to give AbbVie the benefit of the doubt when it said that its internal JAK inhibitor ABT-494 had the potential to be "best-in-class" and offered "a faster path to phase 3 development with less uncertainty". However our view was that the rationale was merely an economic one, that the efficacy of Filgotinib is at least similar (probably better), and that there isn't enough safety data from ABT-494 to conclude on the claim of "best-in-class" (although with over 900 patient years of Filgotinib data, we think the benefit of the doubt goes to Filgotinib). Our view was emphatically confirmed at ACR in November, where Filgotinib had two oral presentations and ABT-494 did not manage to get any, and in December, when Galapagos announced that Filgotinib had been partnered with Gilead for a total initial payment of $725m. Although Galapagos' shares regained all of the lost ground, they failed to price in the superior terms of the Gilead deal. We have adjusted our estimates to incorporate the new deal terms and expect the shares to start pricing in the deal value. Our PT increases to €80 (from €70) and we maintain our BUY recommendation. Galapagos continues to feature on our Favourites List.

The proof of the candidate is in the deal terms

In our view Filgotinib is a differentiated drug candidate in the JAK inhibitor space, as the most advanced JAK inhibitor that is highly selective for JAK1. The drug candidate has demonstrated best-in-class potential, with strong efficacy and safety, in the 12 week and 24 week data from of the DARWIN1 and DARWIN2 phase IIb trials. The potential of the candidate is emphatically confirmed by Gilead's deal terms: $300m upfront, $425m equity investment at €58/share, milestones up to $1.35bn, tiered royalties starting 20% and 50-50 profit split in co-promotion territories (Galapagos will fund 20% of the development costs for global development activities, and has an option to co-promote in major EU territories).

Redefining cheap

We conclude that Galapagos is one of the cheapest stocks in our universe with >40% market cap as cash, making it arguably the cheapest stock in our universe (we estimate Galapagos will have >€1bn in cash post the Gilead deal). Further, in our view the €58/share level of Gilead's investment in Galapagos represents a temporary anchor for the shares, and the share price will start to break free once Gilead starts talking about the program (ie at JPM'16) and the deal value begins to be priced in (we have seen similar post-deal dynamics in the case of Genmab and MorphoSys).

Newsflow

Looking ahead to H1'16 we expect the following newsflow: (i) 20 week data from the Filgotinib Crohn's trial, (ii) phase IIa results for GLPG1205 in ulcerative colitis, and (iii) phase I results of GLPG1972 (being developed for osteoarthritis).

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Rating	BUY
Price Target	€ 80.00
Expected Total Return	41.5%

Previous Rating & Price Target

Change	Revision	Old
PT	06/01/2016	€ 70.00
Rating	13/01/2010	BUY

Company data

Closing price (5 Jan 2016)	€ 56.5
52-Week range	€14.97 - 58.53
Market cap	€2,171.1m
Number of shares	38.4m
Free float	75%
Average daily volume	253,572
Next announcement	4 March 2016 FY 2015 Results

Fiscal Year (31/12)	2014	2015E	2016E	2017E
Revenues (€ m)	90.0	66.4	369.8	64.1
EBITDA (€ m)	-32.0	-81.8	224.6	-78.3
EBITA (€ m)	-36.6	-86.4	218.8	-83.3
Adj. Net profit (€ m)	-37.3	-84.6	220.6	-81.5
Adj. EPS (€)	1.10	-2.20	5.75	-2.12
EPS Change	nm	nm	nm	nm
CFPS (€)	1.25	-2.08	5.90	-1.99
DPS (€)	0.00	0.00	0.00	0.00
PE	13.3	nm	9.8	nm
EV/EBITDA	-7.7	-13.9	5.2	-16.3
FCF Yield	10.5%	-6.2%	10.5%	-4.6%
Dividend Yield	0.0%	0.0%	0.0%	0.0%

Source: Kempen & Co estimates

GLPG NA vs MSCI Small Cap Index Europe

Source: Factset, Bloomberg

DISCLOSURES AND ANALYST CERTIFICATIONS START ON PAGE 9

Equity investments *temporarily* anchor share price

Equity investments made at a premium to the current share price by a big pharma/big biotech, tend to anchor the share price. But only in the short term. We have seen this before with Genmab and MorphoSys:

(i) JNJ made a $80m investment in Genmab at a 30% premium. Genmab shares stayed below the level of the JNJ investment until the end of 2012 (4 months) and then by H1'13 they were up over 150%;

(ii) Celgene made a $60m investment in MorphoSys at a ≥15% premium. MorphoSys shares stayed below the level of the Celgene investment until the end of 2013 (6 months) and then by H1'14 they were up a further 25% and by YE'14 they were up 50%.

In our view, it is only a matter of time before the market realizes the value of the Gilead deal. The Gilead-Galapagos deal includes an estimated average 25% royalties on $4bn potential peak sales for Filgotinib, translating into $1bn EBIT for Galapagos (assuming Galapagos does not co-promote). In our valuation, Filgotinib alone contributes €50 per share. In addition the $725 in upfront and equity investment, on top of the estimated YE'15 cash position of approximately €380, will contribute upwards of €20/share.

Persistent misconception regarding Filgotinib dosing

In Galapagos' webcast following the announcement of the Gilead deal, the Q&A opened with a question from a sell-side analyst that implied that Filgotinib is a BID drug:

> "It seemed at ACR some people were talking about dosing of Filgotinib in phase lll maybe being a BID dose, I think you may have said something about transitioning then to a maintenance dose."

We disagree with the suggestion that Filgotinib is a BID drug. Our research at ACR clearly showed that QD is very much the preferred regimen for Filgotinib. And given the chronic nature of RA, safety will be critical in determining the winner of the race. Further, we know that ABT-494 is unlikely to go forward with the 24mg QD dose and likely has go for 15mg and 30mg QD dosing in order to match the efficacy seen for the 6mg and 12mg BID doses in phase ll. At those dose levels we expect ABT-494 to negatively impact hemoglobin and cell counts.

Filgotinib has potentially best-in-class efficacy/safety

Based on the ACR20/50/70 data presented to date, Filgotinib appears to be at least as good as ABT-494. And on the key metric of ACR50 (which in our view eliminates the noise of ACR20 while maintaining sufficient patient numbers to be more meaningful than ACR70) Filgotinib looks to be the better candidate. Since it appears that sell side analysts are still circulating tables that mix last observation carried forward (LOCF) number for ABT-494 with non-responder imputation (NRI) numbers for Filgotinib, we reproduce apples-to-apples comparisons of the phase ll data for the two candidates below in Tables 1 and 2.

Table 1. Apples-to-apples: LOCF phase II 12 week data for Filgotinib and ABT-494

		ACR20		ACR50		ACR70	
Regimen	Dose Level	GLPG	ABBV	GLPG	ABBV	GLPG	ABBV
QD	1	60		32		16	
	2	64		39		22	
	3	71	82	44	44	24	25
BID	1		65		40		23
	2	58	73	29	49	14	31
	3	59	82	34	50	19	16
	4	80	77	56	45	30	25
	Pbo	44	50	15	20	8	7

Diff with Pbo		ACR20		ACR50		ACR70	
Regimen	Dose Level	GLPG	ABBV	GLPG	ABBV	GLPG	ABBV
QD	1	16		17		8	
	2	20		24		14	
	3	**27**	**32**	**29**	**24**	**16**	**18**
BID	1		15		20		16
	2	14	23	14	29	6	24
	3	15	32	19	30	11	9
	4	36	27	41	25	22	18

Source: Galapagos, AbbVie, Kempen & Co estimates

Table 2. Apples-to-apples: NRI phase II 12 week data for Filgotinib and ABT-494

		ACR20		ACR50		ACR70	
Regimen	Dose Level	GLPG	ABBV	GLPG	ABBV	GLPG	ABBV
QD	1	56		32		16	
	2	62		39		20	
	3	69	80	43	43	24	25
BID	1		65		40		23
	2	57	72	28	48	14	31
	3	59	82	34	50	19	16
	4	80	77	55	44	31	26
	Pbo	45	51	15	20	8	7

Diff with Pbo		ACR20		ACR50		ACR70	
Regimen	Dose Level	GLPG	ABBV	GLPG	ABBV	GLPG	ABBV
QD	1	11		17		8	
	2	17		24		12	
	3	**24**	**29**	**28**	**23**	**16**	**18**
BID	1		14		20		16
	2	12	21	13	28	6	24
	3	14	31	19	30	11	9
	4	35	26	40	24	23	19

Source: Galapagos, AbbVie, Kempen & Co estimates

In addition, based on data presented at ACR2015, our enthusiasm on Filgotinib found further support:

(i) There is a consistent dose-response on every efficacy parameter, namely, ACR score, CDAI, DAS28 and HAQ-DI.

(ii) The safety profile of Filgotinib appears non-controversial on blood counts with neutrophils, NK cells, Lymphocytes all within normal range and no count-related clinical consequence.
(iii) The positive effect on Hb is strikingly different from any other JAK inhibitor and increase in cholesterol (both HDL and LDL) points towards general activity of the drug.

Crohn's data is the cherry on top

In December Galapagos reported that Filgotinib met the primary endpoint in the phase ll FITZROY trial in Crohn's disease. The FITZROY trial is a double-blind placebo controlled phase ll that enrolled 175 patients with moderate to severe Crohn's disease (incl. both anti-TNF naïve and anti-TNF failures). Once daily 200mg Filgotinib was tested against placebo (3:1) as induction therapy. In addition to hitting the primary endpoint with high statistical significance, we are encouraged by the fact that the statistical significance was higher on remission than on clinical response. On clinical remission (CDAI<150) 200mg OD Filgotinib hit 48% vs 23% placebo (p=0.0067). And on clinical response Filgotinib hit 60% vs 41% placebo (p=0.0386). The results represent the 10 week endpoint. The company expects to report the full 20 week data in H1'16. As the study is still ongoing, individual data remain blinded.

JAKinibs had previously showed signs of activity in Crohn's (ie Tofacitinib) however none had previously demonstrated statistically significant clinical efficacy (PFE is apparently no longer pursuing Tofa in Crohn's). In the case of Filgotinib we believe a combination of good trial design and Filgotinib's unique activity profile enabled the drug candidate to succeed. In the FITZROY trial Galapagos minimized patient variability seen in previous Crohn's trials by recruiting patients with endoscopically confirmed active disease. And Filgotinib's benefit on hemoglobin levels clearly distinguishes it from other JAKinibs (nb Hb improvement is heavily weighted in calculating the CDAI score). An increase in Hb was seen in FITZROY, however there was no statistical difference between treatment and placebo (in our view possibly due to patient baseline variability (eg bleeding)).

Importantly, Filgotinib's squeaky clean safety profile was maintained, with the safety profile reported to be consistent with the DARWIN 1 and 2 trials.

JAKinib market opportunity still misunderestimated

We believe the JAKinib class is >$10bn in size. It is clear that the JAKinib class works and has a very fast onset of action (1-2weeks) which supports the "target to treat" principle in RA. The JAKinib class has the potential to leap frog from second/third line (i.e. post anti-TNFalpha) to the first line, which should further expand the market, particularly if the drugs are rationally priced. Baricitinib had its coming out party at ACR2015, presenting solid phase lll data, and as the first mover (Xeljanz doesn't count) should do the heavy lifting in terms of educating the market on the potential of JAKinibs. Galapagos' Filgotinib and AbbVie's ABT-494 should eventually benefit from the improved awareness of the JAKinib class.

Even if we give credit to AbbVie in RA based on their guidance of $4bn peak sales for ABT-494 (for reasons that are not very convincing in our view), still there is at least $6bn left to be distributed between Baricitinib and Filgotinib. Adding Crohn's potential to Filgotnib (other JAKinib peers don't have Crohn's optionality), it is fair to assume the drug will be at least as big as ABT-494 if not bigger (i.e. $4bn in sales).

Strong shot on goal in CF

In Cystic Fibrosis, preclinical data indicate that Galapagos is in a position to potentially develop a best-in-class potentiator and potentiator/corrector combination ("triple

combo"). In 2016 phase I data are expected in H1'16 for the corrector GLPG2222, and a phase I start is expected by H1'16 for the other corrector GLPG2665 (phase II for the potentiator GLPG1837 was expected to start by YE'15). The clinical efficacy data are not expected until 2017. Despite the fact that Vertex's Orkambi leaves plenty of room for improvement, and the obvious commercial attractiveness of an effective disease modifying treatment in ΔF508del cystic fibrosis, the practical and scientific challenges to successful development are particularly high (but not insurmountable, and the potential pay-off should effectively motivate Galapagos' partner AbbVie).

Galapagos - Company Profile

Company description

Galapagos is a biotechnology company that carries out small molecule drug discovery in a number of therapeutic areas. The company's research and development activities are based on novel drug targets identified using Galapagos' unique proprietary target discovery technology.

Website: www.glpg.com

Divisional Data-sales

Geographical Data-sales

SWOT analysis

Strengths

Lead candidate with differentiated mechanism and profile, clean safety, with strong partner, in blockbuster indication

Strong proposition for combination therapy in CF

Unique, proprietary target discovery and validation capabilities

Weaknesses

Early-stage product pipeline focused on novel targets results in high risk drug candidates

Competitor in second major indication, CF, has strong position

Opportunities

Initiation and progress of new drug discovery programs against first in class targets

New partnering deals

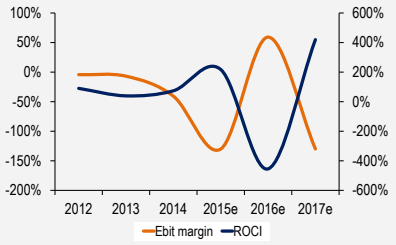
Branching out into mAb development

Threats

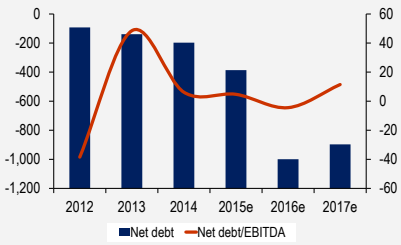
Clinical failures

Litigation/Infringement

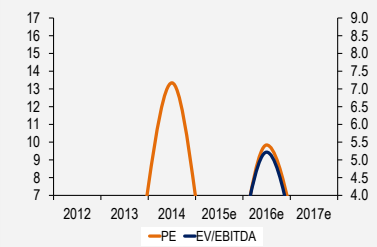
Return ratios (%)



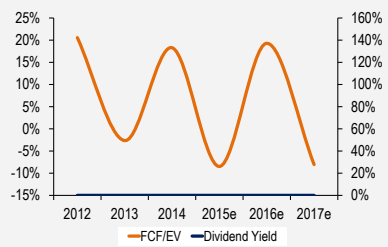
Net Debt vs. EBITDA



Valuation ratios



Yields



Rating	**BUY**
Price target (12m)	**€80.0**
Closing price (5 January 2016)	€56.5
Expected total return	41.5%
Date	6 January 2016

Kempen & Co estimates versus consensus

	2015E	2016E	2017E
JCF Consensus	0.92	-1.66	-2.97
Kempen & Co	-2.20	5.75	-2.12
Kempen vs Consensus	-339.3	-446.1	-28.5

Source: Kempen & Co,Factset

GLPG NA vs MSCI Small Cap Index Europe

Price Performance (%)	-1m	-3m	-12m
Absolute	26.3%	44.4%	256.0%
Rel. to MSCI Small Cap Index Europe	28.4%	39.7%	206.2%

Source: Factset

Company data

52-Week range	€14.97 - 58.53
Market cap	€2,171.1m
Number of shares	38.4m
Free float	75%
Average daily volume	253,572

Company tickers

Bloomberg / Reuters	GLPG NA / GLPG.AS
Next announcement	4 March 2016 FY 2015 Results

Major Shareholders

Company	%
JNJ	7.50
Fidelity	7.00
Federated	5.70
Wellington	5.10
van Herk	5.10
AbbVie	1.80

Source: Company data, AFM

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Source: Kempen & Co estimates

Income statement (Year to 31 Dec)	2007	2008	2009	2010	2011	2012	2013	2014	2015E	2016E	2017E
Revenues	65.9	81.9	106.0	136.6	115.3	153.0	159.5	90.0	66.4	369.8	64.1
Gross income	35.7	54.1	81.0	105.2	74.8	104.8	118.3	90.0	66.4	369.8	64.1
EBITDA	-15.1	-3.7	8.6	12.7	-20.8	2.4	-2.9	-32.0	-81.8	224.6	-78.3
Depreciation	-8.4	-7.4	-7.0	-11.6	-12.1	-9.0	-8.2	-4.6	-4.6	-5.8	-5.0
Amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-23.4	-11.1	1.7	1.0	-32.9	-6.6	-11.0	-36.6	-86.4	218.8	-83.3
Exceptionals before tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net interest result	-0.7	-3.3	0.0	-0.4	-0.8	1.5	-0.2	1.4	1.8	1.8	1.8
Taxes	0.6	-0.2	1.3	3.8	0.6	-0.6	3.1	-2.1	0.0	0.0	0.0
Participations/investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minorities/preference dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	70.5	0.0	0.0	0.0
Net profit	-23.5	-14.6	3.0	4.4	-33.1	-5.7	-8.1	33.2	-84.6	220.6	-81.5
Exceptionals after tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted net profit	-23.5	-14.6	3.0	4.4	-33.1	-5.7	-8.1	-37.3	-84.6	220.6	-81.5

Per share data	2007	2008	2009	2010	2011	2012	2013	2014	2015E	2016E	2017E
EPS before amort. (excl. exceptionals)	-1.11	-0.69	0.13	0.18	-1.25	-0.21	-0.27	1.10	-2.20	5.75	-2.12
EPS after amort. (excl. exceptionals)	-1.11	-0.69	0.13	0.18	-1.25	-0.21	-0.27	1.10	-2.20	5.75	-2.12
CFPS	-0.72	-0.34	0.43	0.67	-0.80	0.12	0.00	1.25	-2.08	5.90	-1.99
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BVPS	4.65	3.98	4.67	6.23	4.48	4.42	5.61	6.80	10.58	26.39	24.27
FCFPS	-0.77	-1.11	-0.02	-1.17	-0.36	2.11	-0.32	1.53	-2.47	5.93	-2.63

Cash Flow	2007	2008	2009	2010	2011	2012	2013	2014	2015E	2016E	2017E
EBITDA	-15.1	-3.7	8.6	12.7	-20.8	2.4	-2.9	-32.0	-81.8	224.6	-78.3
Cash taxes	0.6	-0.2	1.3	3.8	0.6	-0.6	3.1	-2.1	0.0	0.0	0.0
Cash interest income/expenses	-0.7	-3.3	0.0	-0.4	-0.8	1.5	-0.2	1.4	1.8	1.8	1.8
Cash change in provisions	-11.3	-3.6	-2.6	0.7	0.8	-0.8	0.1	2.3	-2.6	0.0	0.0
Change in working capital	12.6	-8.6	-6.2	-24.0	20.1	71.9	16.9	-38.6	-3.8	7.2	-25.4
Other items / Exceptionals	1.6	-0.8	2.7	-8.3	-6.0	-12.5	-19.2	109.4	-1.5	-2.3	4.5
Operating cash flow	-12.3	-20.2	3.8	-15.5	-6.0	61.9	-2.1	40.6	-87.8	231.4	-97.3
Net capex	-2.5	-2.1	-5.3	-26.8	-4.8	-5.6	-7.8	10.3	-8.1	-4.9	-4.7
Free cash flow	-14.8	-22.3	-1.5	-42.2	-10.8	56.3	-9.9	50.9	-95.8	226.5	-102.0
Acquisitions	1.5	1.3	-1.0	-14.4	-1.4	-0.1	-0.3	4.4	-1.1	-1.4	-1.2
Financing cash flow	12.6	0.3	21.6	35.3	3.0	5.8	56.8	5.8	284.8	386.4	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash flow	-2.2	-22.0	20.1	-7.0	-7.8	62.1	46.8	56.7	189.0	612.8	-102.0

Balance sheet	2007	2008	2009	2010	2011	2012	2013	2014	2015E	2016E	2017E
Tangible fixed assets	22.9	20.3	19.3	23.9	19.5	18.1	19.5	10.1	13.5	12.6	12.3
Intangible fixed assets	40.0	37.9	37.2	55.9	49.5	47.1	47.1	2.0	2.0	2.0	2.0
Financial fixed assets	1.5	0.8	0.8	1.3	1.2	0.4	0.2	0.5	0.5	0.5	0.5
Current assets	26.3	24.1	29.6	60.2	33.0	37.9	24.5	8.1	9.3	19.2	5.4
Cash	49.3	27.3	47.4	40.4	32.6	94.6	141.5	198.1	387.1	999.9	898.0
Total assets	148.7	118.8	143.7	194.0	161.1	235.3	287.4	270.5	465.1	1,087.4	970.6
Interest bearing debt	1.5	0.0	1.0	1.7	2.3	2.4	2.5	0.9	0.9	0.9	0.9
Provisions	9.0	5.3	3.1	6.0	6.5	5.9	5.6	5.8	3.2	3.2	3.2
Other liabilities	39.5	29.2	30.8	37.8	33.9	108.6	112.2	57.6	54.6	69.9	34.6
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity	98.6	84.3	108.9	148.5	118.4	118.4	167.1	206.1	406.4	1,013.4	931.9
Working capital	-13.2	-5.0	-1.2	22.4	-0.9	-70.7	-87.7	-49.5	-45.3	-50.7	-29.2
Net debt	-47.8	-27.3	-46.4	-38.7	-30.3	-92.3	-139.0	-197.2	-386.2	-999.0	-897.0
Capital invested (incl. goodwill)	109.2	89.7	112.9	156.2	127.1	126.7	175.2	212.8	410.5	1,017.5	936.0
Capital invested (excl. goodwill)	75.2	55.9	79.2	113.8	88.3	89.1	135.9	212.8	410.5	1,017.5	936.0

P&L ratios	2007	2008	2009	2010	2011	2012	2013	2014	2015E	2016E	2017E
Revenue growth	87.2%	24.3%	29.5%	28.8%	-15.6%	32.7%	4.3%	-43.6%	-26.3%	457.0%	-82.7%
EBITDA growth	nm	nm	nm	47.1%	nm	nm	nm	nm	nm	nm	nm
EBIT growth	nm	nm	nm	-37.8%	nm	nm	nm	nm	nm	nm	nm
Net profit growth	nm	nm	nm	45.3%	nm	nm	nm	nm	nm	nm	nm
EPS growth	nm	nm	nm	41.9%	nm	nm	nm	nm	nm	nm	nm
Gross margin	54.2%	66.1%	76.3%	77.0%	64.8%	68.5%	74.1%	100.0%	100.0%	100.0%	100.0%
EBITDA margin	-22.9%	-4.6%	8.1%	9.3%	-18.1%	1.6%	-1.8%	-35.5%	-123.2%	60.7%	-122.1%
EBIT margin	-35.5%	-13.6%	1.6%	0.8%	-28.6%	-4.3%	-6.9%	-40.7%	-130.2%	59.2%	-129.9%
Tax rate	2.3%	-1.4%	-78.6%	nm	1.9%	-11.0%	27.8%	-6.0%	0.0%	0.0%	0.0%
Net margin	-35.7%	-17.8%	2.8%	3.2%	-28.7%	-3.7%	-5.1%	-41.4%	-127.4%	59.7%	-127.1%
ROE	-23.9%	-17.3%	2.8%	2.9%	-28.0%	-4.8%	-4.8%	-18.1%	-20.8%	21.8%	-8.7%
ROCI (incl. goodwill)	-14.6%	-8.4%	1.2%	0.6%	-17.4%	-3.9%	-5.5%	-14.2%	-20.8%	23.0%	-6.4%
ROCI (excl. goodwill)	-20.3%	-12.7%	1.8%	0.8%	-24.5%	-5.6%	-7.3%	-15.7%	-20.8%	23.0%	-6.4%
Dividend pay-out	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Valuation	2007	2008	2009	2010	2011	2012	2013	2014	2015E	2016E	2017E
Market cap			186.2	291.5	235.3	359.6	495.1	443.3	1,525.2	2,171.1	2,171.1
Enterprise value			139.8	252.8	205.0	267.3	356.0	246.1	1,139.0	1,172.1	1,274.1
P/E			61.7	60.5	nm	nm	nm	13.3	nm	9.8	nm
P/CF			18.6	16.5	nm	nm	nm	11.7	nm	9.6	nm
P/B			1.7	2.0	2.0	3.0	3.0	2.2	3.8	2.1	2.3
EV/Revenues			1.3	1.9	1.8	1.7	2.2	2.7	17.2	3.2	19.9
EV/EBITDA			16.2	20.0	nm	nm	nm	nm	nm	5.2	nm
EV/EBIT			84.3	nm	nm	nm	nm	nm	nm	5.4	nm
EV/Capital invested (incl. goodwill)			1.2	1.6	1.6	2.1	2.0	1.2	2.8	1.2	1.4
EV/Capital invested (excl. goodwill)			1.8	2.2	2.3	3.0	2.6	1.2	2.8	1.2	1.4
Dividend yield			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF/EV			-0.4%	-10.8%	-4.2%	20.6%	-2.7%	18.3%	-8.5%	19.3%	-8.1%
FCF/Market cap			-0.3%	-9.6%	-4.0%	15.7%	-1.9%	10.5%	-6.2%	10.5%	-4.6%

Other ratios	2007	2008	2009	2010	2011	2012	2013	2014	2015E	2016E	2017E
Net debt/Equity	-48.4%	-32.4%	-42.6%	-26.1%	-25.6%	-77.9%	-83.2%	-95.7%	-95.0%	-98.6%	-96.3%
Net debt/EBITDA	3.2	7.3	-5.4	-3.1	1.5	-38.5	48.5	6.2	4.7	-4.4	11.5
Interest cover	-12.8	-1.8	3.4	1.4	-19.4	-1.2	-3.7	nm	-505.4	1,322.2	-486.8
Working capital/Revenues	-20.1%	-6.2%	-1.1%	16.4%	-0.8%	-46.2%	-54.9%	-55.0%	-68.2%	-13.7%	-45.5%
Capex/Depreciation	48.1%	46.1%	61.8%	106.4%	27.8%	60.6%	91.5%	-125.9%	150.6%	59.9%	69.7%
Capex/Revenues	-6.1%	-4.1%	-4.1%	-9.1%	-2.9%	-3.6%	-4.7%	6.5%	-10.5%	-0.9%	-5.5%
Equity/Total assets	66.3%	71.0%	75.8%	76.6%	73.5%	50.3%	58.2%	76.2%	87.4%	93.2%	96.0%

Source: Kempen & Co estimates

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Rating history

Galapagos (GLPG NA)			
Date	**Close**	**Price target**	**Rating**

Price target history

Analyst coverage: Mark Pospisilik, Source: Kempen & Co, Factset

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