**Firmly on our way to becoming a fully integrated biopharma company**

|  |  |
| --- | --- |
| **31 Dec 2018 Group total** | **31 Dec 2017 Group total** |
| **Revenues and other income** | **317.8** | **155.9** |
| R&D expenditure | -322.8 | -218.5 |
| G&A[[2]](https://ip.globenewswire.com/hugin/release/972282/2236064/body/published" \l "_ftn2" \t "_self) and S&M expenses[[3]](https://ip.globenewswire.com/hugin/release/972282/2236064/body/published" \l "_ftn3" \t "_self) | -39.8 | -27.2 |
| **Operating loss** | **-44.8** | **-89.8** |
|  |  |  |
| Financial result | 15.6 | -25.7 |
| Income taxes | -0.1 | -0.2 |
| **Net result for the period** | **-29.3** | **-115.7** |
| **Basic loss per share (€)** | **-0.56** | **-2.34** |
| **Cash and cash equivalents at year-end** | **1,290.8** | **1,151.2** |

**Details of the financial results**

*Revenues and other income*  
Galapagos' revenues and other income for 2018 amounted to €317.8 million, compared to €155.9 million in 2017. Increased revenues and other income were mainly driven by higher revenue recognition and higher milestone and upfront payments from our collaboration partners Novartis and AbbVie.

*Operating result*  
The Group realized a net operating loss in 2018 of €44.8 million, compared to a net operating loss of €89.8 million in 2017.

R&D expenses for the Group in 2018 were €322.8 million compared to €218.5 million in 2017. This planned increase was due mainly to increased efforts on our clinical and preclinical programs, primarily filgotinib, our IPF program and the proprietary preclinical programs in inflammation and fibrosis.

G&A and S&M expenses of the Group were €39.8 million in 2018, compared to €27.2 million in 2017. This increase was due primarily to a planned headcount increase and higher costs for warrant plans (non-cash), mainly as a result of the increase of the Galapagos share price.

*Net result*  
The Group realized a net loss in 2018 of €29.3 million, compared to a net loss of €115.7 million in 2017.

*Cash position*  
**Cash and cash equivalents totaled €1,290.8 million on 31 December 2018.**

**A net increase of €139.6 million in cash and cash equivalents was recorded in 2018. Net cash flows from financing activities generated €280.2 million through a public offering in the United States, as well as €7.7 million from warrant exercises. Total operational cash burn in 2018 amounted to €158.4 million, within the guided range, and consisted of  a net cash outflow from operating activities of €142.5 million and an investing cash outflow of €15.9 million. Finally €10.1 million unrealized positive exchange rate differences were generated on cash and cash equivalents.**

**Furthermore, Galapagos' balance sheet holds a receivable from the French government (*Crédit d'Impôt Recherche***[[4]](https://ip.globenewswire.com/hugin/release/972282/2236064/body/published" \l "_ftn4" \t "_self)**), payable in four yearly tranches and a receivable from the Belgian Government for R&D incentives, for a total of both receivables of €84.6 million.**

**Outlook 2019**  
Together with collaboration partner Gilead, we aim to report topline results for the FINCH 1 and FINCH 3 trials in RA in Q1. Pending the results and discussions with the regulatory agencies, Gilead and Galapagos plan to submit an application for approval in RA in 2019. Also for filgotinib, in the second half of the year, we expect Gilead to report topline results for the proof-of-concept studies in Sjögrens and cutaneaous lupus, and to launch a Phase 3 trial in PsA.

We also plan to fully recruit our Phase 2 PINTA study for our fully proprietary IPF compound GLPG1205 as well as our ROCCELLA study in OA, together with collaboration partner Servier. For GLPG1690, we plan to continue our ISABELA trials as well as the NOVESA Phase 2 trial in systemic sclerosis (SSc), for which a first patient was dosed in early 2019.

For MOR106, together with our collaboration partners MorphoSys and Novartis, we plan to start a Phase 2 trial in AtD with MOR106 in combination with topical corticosteroids (the GECKO Phase 2 trial) as well as a Japanese ethno-bridging study. In the second half of the year, we expect the primary analysis of the IGUANA Phase 2 trial in AtD and topline results of the subcutaneous Phase 1 bridging study. Pending positive results, these four studies combined should offer a solid data package for our collaboration partner Novartis to move into Phase 3.

With regard to our earlier and fully proprietary programs, we expect Phase 1 readouts of a number of earlier stage studies, including for GLPG3312, the first Toledo compound that entered the clinic in early 2019. This molecule is scheduled to be dosed in patients in a first proof-of-concept study before the end of the year. We also plan to initiate a Phase 1 trial with our second generation Toledo compound, GLPG3970, in the second half of the year.

Given the large number of maturing proprietary clinical programs and the expansion of our R&D and commercial team, we expect an operational cash burn between €320 and €340 million in 2019.

**Annual report 2018**  
Galapagos is currently finalizing its financial statements for the year ended 31 December 2018. The auditor has confirmed that his audit procedures, which are substantially completed, have not revealed any material corrections required to be made to the financial information included in this press release. Should any material changes arise during the audit finalization, an additional press release will be issued. Galapagos expects to be able to publish its fully audited annual report for the full year 2018 on or around 29 March 2019.

**Conference call and webcast presentation**

Galapagos will conduct a conference call open to the public tomorrow, 22 February 2019, at 14:00 CET/8 AM ET, which will also be webcast. To participate in the conference call, please call one of the following numbers ten minutes prior to commencement:

**Confirmation Code:    5739601**

Belgium:                       +32 2 404 0659  
France:                         +33 1 76 77 22 74  
Netherlands:                  +31 20 721 9251  
United Kingdom:            +44 330 336 9105  
USA:                             +1 323-701-0225

A question and answer session will follow the presentation of the results. Go to [www.glpg.com](http://www.glpg.com/) to access the live audio webcast. The archived webcast will also be available for replay shortly after the close of the call.

**Financial calendar**  
29 March 2019               Publication Annual Report and 20-F 2018, AGM convocation  
25 April 2019                 First quarter 2019 results (webcast 26 April)  
30 April 2019                 Annual shareholders' meeting in Mechelen, Belgium   
25 July 2019                  Half year 2019 results (webcast 26 July 2019)  
24 October 2019            Third quarter 2019 results (webcast 25 October 2019)  
20 February 2020           Full year 2019 results (webcast 21 February 2020)

**About Galapagos**  
Galapagos (Euronext & NASDAQ: GLPG) discovers and develops small molecule medicines with novel modes of action, three of which show promising patient results and are currently in late-stage development in multiple diseases. Our pipeline comprises Phase 3 through to discovery programs in inflammation, fibrosis, osteoarthritis and other indications. Our ambition is to become a leading global biopharmaceutical company focused on the discovery, development and commercialization of innovative medicines. More information at [www.glpg.com](http://www.glpg.com/).

All of the drug candidates mentioned in this press release are investigational; their efficacy and safety are yet to be established.

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**Forward-looking statements**  
*This release may contain forward-looking statements, including, among other things, statements regarding the guidance from management (including guidance regarding the expected operational cash burn during financial year 2019), financial results, the timing of audited financial results, mechanism of action and profile of, timing and/or results of clinical trials with, and potential commercialization of compounds coming out of our programs, investment in commercial capabilities, and interaction with regulators, including the potential approval of our current or future drug candidates. Galapagos cautions the reader that forward-looking statements are not guarantees of future performance. Forward-looking statements involve known and unknown risks, uncertainties and other factors which might cause the actual results, financial condition and liquidity, performance or achievements of Galapagos, or industry results, to be materially different from any historic or future results, financial conditions and liquidity, performance or achievements expressed or implied by such forward-looking statements. In addition, even if Galapagos' results, performance, financial condition and liquidity, and the development of the industry in which it operates are consistent with such forward-looking statements, they may not be predictive of results or developments in future periods. Among the factors that may result in differences are that* *Galapagos' expectations regarding its 2019 operating expenses may be incorrect (including because one or more of its assumptions underlying its expense expectations may not be realized), Galapagos' expectations regarding its development programs may be incorrect, the inherent uncertainties associated with competitive developments, clinical trial and product development activities and regulatory approval requirements (including that data from Galapagos' ongoing clinical research programs may not support registration or further development of its product candidates due to safety, efficacy or other reasons), Galapagos' reliance on collaborations with third parties, and estimating the commercial potential of its development programs. A further list and description of these risks, uncertainties and other risks can be found in Galapagos' Securities and Exchange Commission (SEC) filings and reports, including in Galapagos' most recent annual report on Form 20-F filed with the SEC and other filings and reports filed by Galapagos with the SEC. Given these uncertainties, the reader is advised not to place any undue reliance on such forward-looking statements. These forward-looking statements speak only as of the date of publication of this document. Galapagos expressly disclaims any obligation to update any such forward-looking statements in this document to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements, unless specifically required by law or regulation.*

[[1]](https://ip.globenewswire.com/hugin/release/972282/2236064/body/published" \l "_ftnref1" \t "_self) The operational cash burn (or operational cash flow if this performance measure is positive) is equal to the sum of the net cash flows generated / used (-) in operating activities and the net cash flows generated / used (-) in investing activities minus (i) the proceeds or cash used, if any, in acquisitions or disposals of businesses; and (ii) the movement in restricted cash, if any. This alternative performance measure is in our view an important metric for a biotech company in the development stage. For the full year of 2017, the operational cash burn represented €154.1 million.

[[2]](https://ip.globenewswire.com/hugin/release/972282/2236064/body/published" \l "_ftnref2" \t "_self) General & Administrative

[[3]](https://ip.globenewswire.com/hugin/release/972282/2236064/body/published" \l "_ftnref3" \t "_self) Sales & Marketing

[[4]](https://ip.globenewswire.com/hugin/release/972282/2236064/body/published" \l "_ftnref4" \t "_self) *Crédit d'Impôt Recherche* refers to an innovation incentive system underwritten by the French government.