Transformational year for Galapagos
Strong balance sheet for continued growth

Key 2019 events:
- Unique R&D agreement signed with collaboration partner Gilead
- Applications for approval of selective JAK1 inhibitor filgotinib in rheumatoid arthritis (RA) in the U.S., Europe and Japan by Gilead, with priority review submitted in the U.S.
- FINCH 1 and 3 Phase 3 trials with filgotinib in RA met primary endpoints with consistent tolerability, supporting potential best-in-class profile
- Recruitment completed in NOVESA Phase 2a trial with GLPG1690 in systemic sclerosis (SSc)
- Recruitment completed in ROCCELLA Phase 2b trial with GLPG1972 in osteoarthritis (OA)
- First-in-human Phase 1 trials with TOLEDO compounds GLPG3312 and GLPG3970 initiated

Financial results:
- Group revenues & other income of €896 million, compared to €318 million in 2018
- Net profit of €150 million, compared to a net loss of €29 million in 2018
- Operational cash burn[i], excluding the Gilead transaction, of €334 million, within the guided range
- Strong balance sheet with cash and current financial investments of €5.8 billion and €3 billion in deferred revenues

Webcast presentation tomorrow, 21 February 2020 at 14.00 CET/8 AM ET, +32 (0)2 404 0659, www.glpg.com

Mechelen, Belgium; 20 February 2020, 22.01 CET, regulated information – Galapagos NV (Euronext & NASDAQ: GLPG) presents financial results and highlights the key events for the full year 2019.

"2019 was our 20th anniversary year, and what a year it was! We are very proud of the R&D deal with our collaboration partner Gilead that we announced in July. We are convinced that it offers us the opportunity to accelerate and maximize our potential, to the benefit of all stakeholders, including shareholders and patients. With our independence secured for a period of 10 years, and the capital in place to boost our unique research engine and build out our commercial presence, the collaboration creates the right conditions to realize our ambition to become one of the largest biopharma companies," said Onno van de Stolpe, CEO of Galapagos.

"At the same time, our pipeline made significant progress in 2019. For the first time in our history, with filgotinib in RA, we have a product candidate under regulatory review for approval in the U.S., Europe, and Japan. Pending potential approval, we are rapidly gearing up to commercialize filgotinib in RA in Europe, hand in hand with our collaboration partner Gilead. Moreover, we expect five topline readouts from Phase 3 and Phase 2 trials this year. Importantly, to ensure long-term value creation, we are dedicated to maintaining an active and growing early-stage portfolio. We currently have 30 programs running, and while the focus remains on our key franchises in inflammation and fibrosis, we also have promising programs in additional indications with high unmet medical needs. We undoubtedly had a transformational year in 2019, but firmly believe that this is just the beginning."

Bart Filius, COO and CFO of Galapagos, added: "We ended 2019 with a very strong balance sheet, providing us with the capital to expand and accelerate our R&D engine to execute on our novel target based programs. Our revenues more than doubled in 2019, and while spending more on

R&D, we recorded a profitable year. Moreover, our balance sheet holds in excess of €3 billion in deferred revenues that will be recognized in revenues over the next 10 years. We remain focused on investing in our maturing clinical pipeline of novel mechanism of action candidates, and expect to run over 80 clinical trials this year. We will also expand our commercial organization further as we gear up for a potential market launch of filgotinib in RA in the second half of 2020. All this will contribute to our financial guidance for operational cash burn[i] between €420 and €450 million, including milestone income from Gilead for potential regulatory approvals of filgotinib in RA, for full year 2020."

Key figures (consolidated)
(€ millions, except basic & diluted income/loss (-) per share)

	31 Dec 2019 Group total	**31 Dec 2018 Group total**
Revenues and other income	**895.9**	**317.8**
R&D expenditure	-427.3	-322.8
G&A[ii] and S&M expenses[iii]	-98.3	-39.8
Operating profit / loss (-)	**370.3**	**-44.8**
Fair value re-measurement of financial instruments	-181.6	
Other financial result	-38.6	15.6
Income taxes	-0.2	-0.1
Net result for the period	**149.8**	**-29.3**
Basic income / loss (-) per share (€) **Diluted income / loss (-) per share (€)**	**2.60** **2.49**	**-0.56** **-0.56**
Current financial investments and cash and cash equivalents at year-end	**5,780.8**	**1,290.8**

Details of the financial results

Revenues and other income
Revenues and other income for 2019 significantly increased to €895.9 million, compared to €317.8 million in 2018. The impact of the Gilead collaboration on our revenues is €657.9 million, which is mainly related to (i) the GLPG1690 program (€667.0 million) and (ii) the access and option rights to our drug discovery platform (€80.9 million), offset by (iii) a negative impact on filgotinib revenue recognition when compared to the original filgotinib agreement (-€91.7 million).

Primarily as a result of the upfront payment received from Gilead, on 31 December 2019 our deferred income includes €2.2 billion allocated to our drug discovery platform that will be recognized linearly over 10 years, and €0.8 billion allocated to filgotinib (2015 filgotinib contract and recent revised collaboration combined) that will be recognized over a period of 4 to 5 years.

Operating result
The Group realized a net operating profit in 2019 of €370.3 million, compared to a net operating loss of €44.8 million in 2018.

R&D expenses for the group in 2019 increased by 32% to €427.3 million compared to €322.8 million in 2018. This was due to an increase of €52.3 million in subcontracting costs primarily related to our IPF program, filgotinib and other programs. Furthermore, personnel costs increased, explained by a planned headcount increase following the growth in our R&D investments. These factors also contributed to the increase in our G&A and S&M expenses which rose to €98.3 million in 2019, compared to €39.8 million in 2018.

We reported a non-cash fair value loss amounting to €181.6 million resulting from the re-measurement of derivative financial instruments triggered by the share subscription agreement with Gilead and the warrants granted to Gilead, primarily due to the increase in the Galapagos share price.

Net other financial loss in 2019 amounted to €38.6 million, compared to net other financial income of €15.6 million in 2018, which was primarily attributable to €34.9 million realized exchange loss on the U.S. dollars upfront payment from Gilead, and €10.6 million of unrealized exchange loss on our cash position in U.S. dollars (compared to €10.1 million of unrealized exchange gain on our cash position in U.S. dollars in 2018).

Net result
The Group realized a net profit in 2019 of €149.8 million, compared to a net loss of €29.3 million in 2018.

Cash position
Current financial investments and cash and cash equivalents totaled €5,780.8 million on 31 December 2019, as compared to €1,290.8 million on 31 December 2018.

Total net increase in current financial investments and cash and cash equivalents amounted to €4,490.0 million, compared to an increase of €139.6 million in 2018. The net increase comprises (i) €3,162.8 million of operational cash flow, of which €3,497.1 million net operational cash proceeds from the Gilead collaboration, and €334.3 million of operational cash burn, within the guided range, (ii) €955.6 million net cash proceeds related to the share subscription by Gilead and €368.0 million cash proceeds related to the exercise of Warrant A by Gilead, (iii) €17.2 million of cash proceeds from capital and share premium increase from the exercise of warrants in 2019, (iii) €13.7 million of negative fair value and currency translation effects.

Furthermore, Galapagos' balance sheet holds a receivable from the French government (*Crédit d'Impôt Recherche*[iv]) and a receivable from the Belgian Government for R&D incentives, for a total of both receivables of €115.4 million.

Outlook 2020
After a historic 2019, 2020 promises to be a particularly eventful and exciting year for Galapagos.

First of all, we and our collaboration partner Gilead expect approval of our first product candidate, filgotinib, in RA in the U.S., Europe, and Japan, with subsequently the first Galapagos commercial sales later this year. We also expect Gilead to report Phase 3 data of filgotinib in ulcerative colitis (UC) in the second quarter of this year. Moreover, Gilead and we plan to start the Phase 3 program

with filgotinib in ankylosing spondylitis (AS) in the first half of 2020 – a potential additional indication for our growing filgotinib franchise.

Besides the filgotinib UC read-out, we expect to report data from four Phase 2 clinical trials.

Within our fibrosis portfolio, we anticipate reporting topline data from the PINTA Phase 2 trial with GLPG1205 in IPF and, together with collaboration partner Gilead, from the NOVESA Phase 2a trial with GLPG1690 in SSc.

We also plan to report topline data from the ROCCELLA Phase 2b study of GLPG1972 in OA, together with our collaboration partner Servier. Following the results, Gilead will have the option to inlicense GLPG1972 for the U.S. market.

We will continue to execute on our accelerated development plan for TOLEDO, our next generation inflammation program. We expect to launch multiple proof-of-concept patient trials in the second half of the year and expect to report topline data from our first patient study towards the end of the year.

In the meantime, we continue recruitment in our landmark Phase 3 ISABELA program with GLPG1690 in IPF, together with Gilead. We are proud to report that over 600 patients were recruited in 2019, and the futility analysis remains on track for the first quarter of 2021.

In total, we expect to conduct over 80 clinical trials in 2020, further expanding our broad clinical pipeline of novel modes of action candidate medicines in indications with high unmet medical needs.

Given the large number of maturing proprietary clinical programs and the expansion of our R&D and commercial teams, in 2020, we expect an operational cash burn between €420 and €450 million, including milestone income from Gilead for potential regulatory approvals of filgotinib in RA.

Annual report 2019
Galapagos is currently finalizing its financial statements for the year ended 31 December 2019. 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 2019 on or around 27 March 2020.

Conference call and webcast presentation
Galapagos will conduct a conference call open to the public tomorrow, 21 February 2020, at 14:00 CET/8 AM ET, which will also be webcasted. To participate in the conference call, please call one of the following numbers, ten minutes prior to scheduled start of the call:

Confirmation Code: 8371984

Belgium:	+32 2 404 0659
France:	+33 1 76 77 22 74
Netherlands:	+31 20 721 9251

United Kingdom:	+44 330 336 9105
United States:	+1 323 794 2423

A question and answer session will follow the presentation of the results. Go to 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

27 March 2020	Publication Annual Report and 20-F 2019, AGM and EGM convocation
28 April 2020	Annual Shareholders' meeting in Mechelen, Belgium
7 May 2020	First quarter 2020 results (webcast 8 May)
6 August 2020	Half year 2020 results (webcast 7 August)
5 November 2020	Third quarter 2020 results (webcast 6 November)
18 February 2021	Full year 2020 results (webcast 19 February)

About Galapagos
Galapagos (Euronext & NASDAQ: GLPG) discovers and develops small molecule medicines with novel modes of action, several of which showed promising patient results and are currently in late-stage development in multiple diseases. Galapagos' pipeline comprises discovery programs through Phase 3 programs in inflammation, fibrosis, osteoarthritis and other indications. The Company's ambition is to become a leading global biopharmaceutical company focused on the discovery, development and commercialization of innovative medicines.

All 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 2020), statements regarding financial results, the timing of audited financial results and annual report, 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 our research engine and commercial capabilities, potential option exercise by Gilead 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 2020 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.

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[i] The operational cash burn (or operational cash flow if this performance measure is positive) is equal to the increase or decrease in our cash and cash equivalents (excluding the effect of exchange rate differences on cash and cash equivalents), minus:
i.the net proceeds, if any, from share capital and share premium increases included in the net cash flows generated / used (–) in financing activities
ii.the net proceeds or cash used, if any, in acquisitions or disposals of businesses; the movement in restricted cash and movement in current financial investments, if any, included in the net cash flows generated / used (–) in investing activities. This alternative performance measure is in our view an important metric for a biotech company in the development stage. For the full year of 2018, the operational cash burn represented €158.4 million.

The operational cash flow for 2019 amounted to €3,162.8 million and can be reconciled to our cash flow statement by considering the increase in cash and cash equivalent of €779.7 million, adjusted by (i) the net cash proceeds from capital and share premium increase from the share subscription by Gilead of €955.6 million, (ii) the cash proceeds from capital and share premium increase from the exercise of warrant A by Gilead amounting to €368.0 million, (iii) the cash proceeds from capital and share premium increase from the

exercise of warrants by employees for €17.2 million and (iv) the net increase in current financial investments amounting to €3,723.9 million.

The operational cash flow of €3,162.8 million adjusted by the net operational cash proceeds from the transaction with Gilead amounting to €3,497.1 million (upfront consideration received less costs associated to the transaction) leads to an operational cash burn of €334.3 million for the year 2019.

[ii] General and administrative

[iii] Sales and marketing

[iv] *Crédit d'Impôt Recherche* refers to an innovation incentive system underwritten by the French government.