



Galapagos in the clinic in 2008

Onno van de Stolpe, CEO

March 2008

Galápagos

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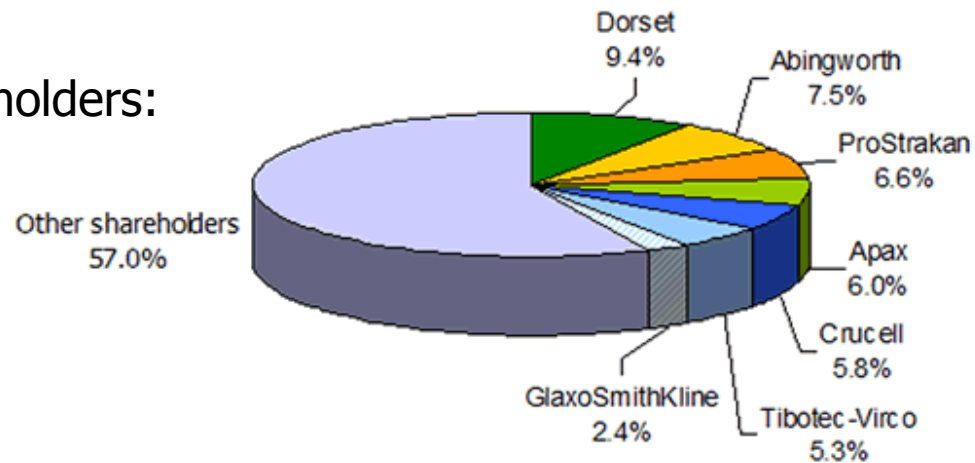
Galapagos fact sheet

Rapid growth

- 1999 founded by Crucell & Tibotec
- 2002 VC financing
- 2005 IPO on EuroNext, acquired BioFocus
- 2006 3 acquisitions:
DPI assets, Inpharmatica, ProSkelia

Staff	450
Mkt. cap	€135M
Cash (Jan 1)	€49M

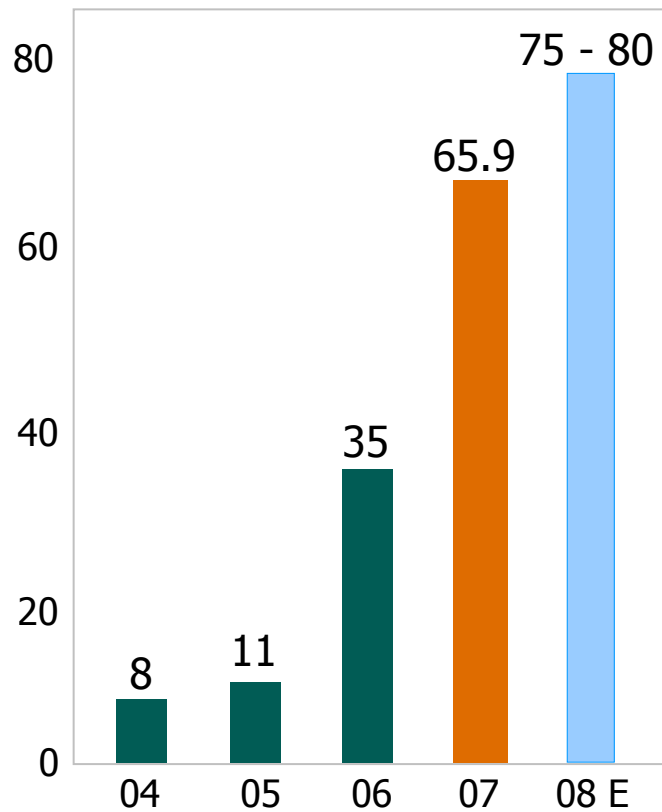
Shareholders:



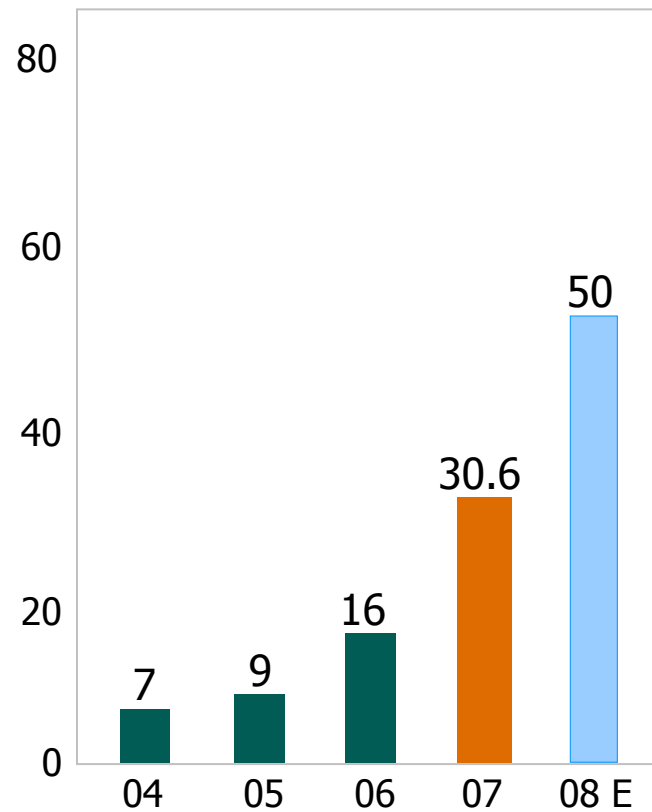


Building value - rapid growth

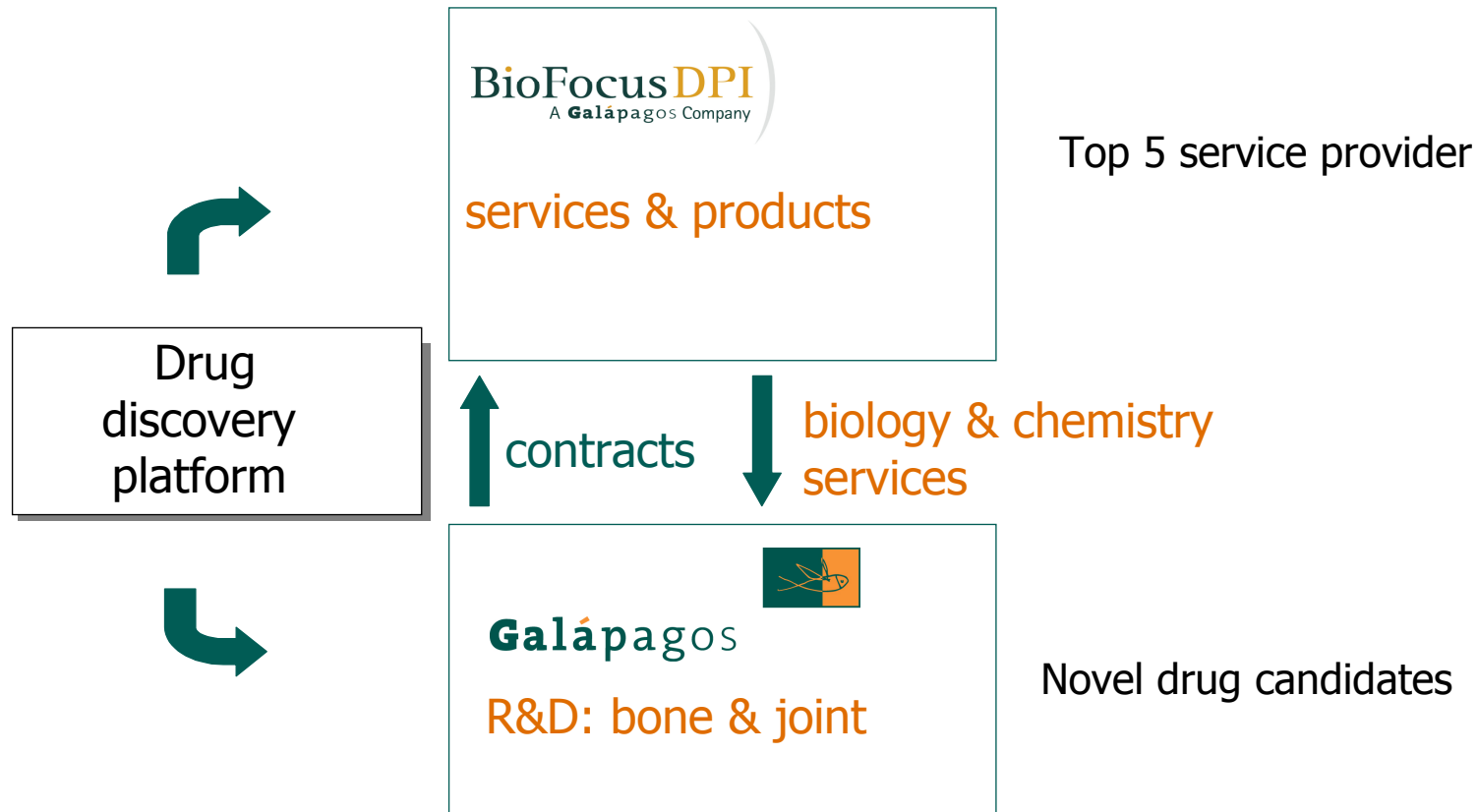
Revenues (€ M)



R&D investment (€ M)



Business model





Galapagos - pharma alliance strategy

- Provide option to license program after 'Proof of Concept'
- Finance expansion of program through milestone payments
- Increase 'shots on goal' in multiple disease areas
 - diversity of targets as basis for pharma scale drug development
 - multiple programs towards the clinic

Reduce risk while preserving substantial upside

Strategic alliances to date

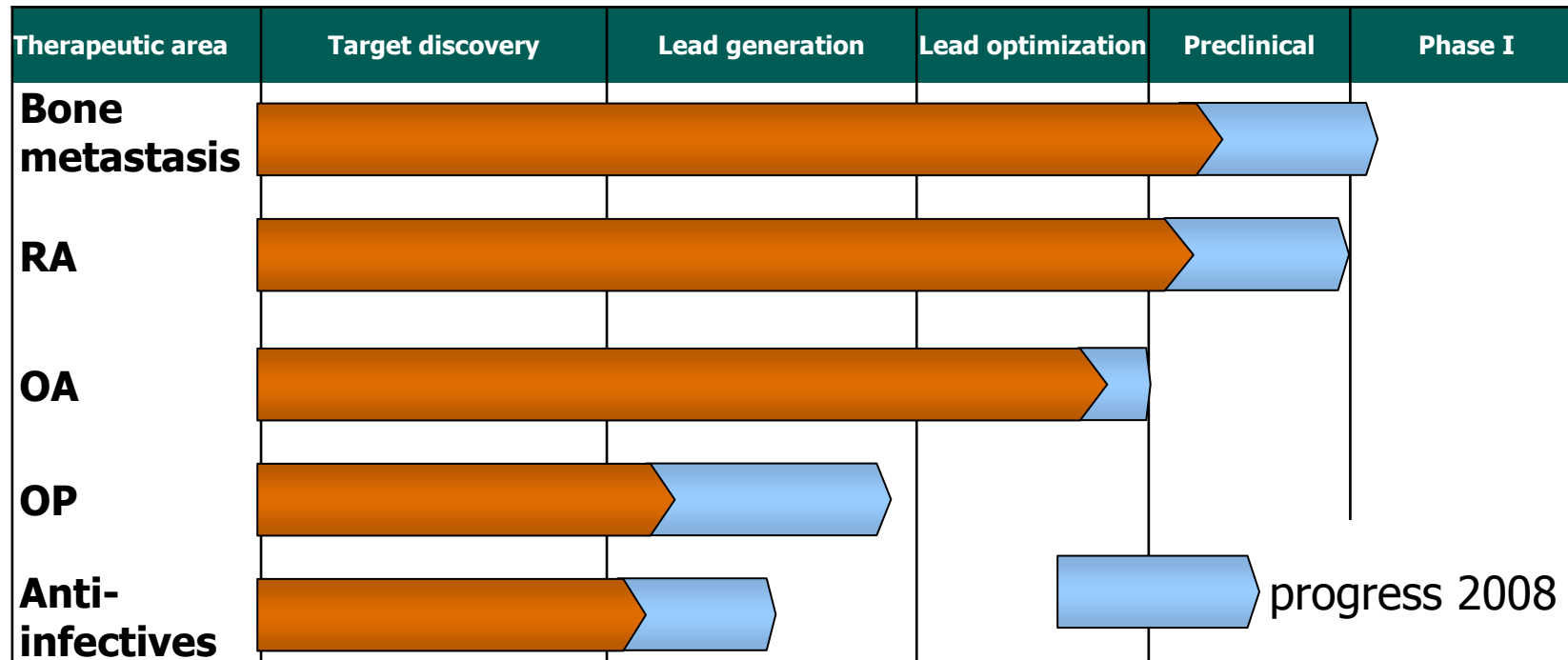
Disease area	Partner	Date	Deal value
 OA		June 06, ext July 07	Up to €186 M + double digit royalties
 RA		October 07	Up to over €1 B + double digit royalties
 AI		December 07	Up to €219 M + double digit royalties
 OP		December 07	Up to €275 M + double digit royalties

Potential milestones now in excess of €1.7 B



Galapagos pipeline 2008

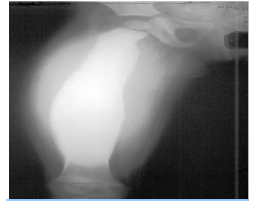
Progress across five therapeutic areas



- More than 30 programs in bone and joint diseases
- Diverse targets within indication areas



Galapagos' IRA program

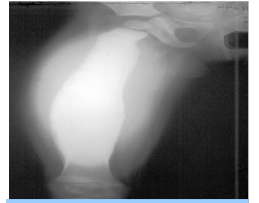


IRA

- Integrin receptors involved in multiple biological pathways
 - cancer biology
 - bone maintenance
 - retina (eye) function
- Integrin Receptor Antagonist (IRA) program in bone metastasis
 - acquired with ProSkelia in December 2006
 - osteoporosis potential as secondary indication

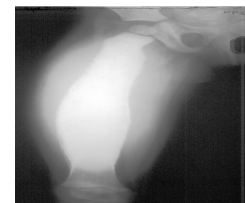


About bone metastasis



IRA

- Secondary bone cancer
 - 65-75% incidence in breast & prostate cancers
 - Patients suffer pain & swelling in affected area
- Large unmet medical need: 400,000 people/year die in US
- Market potential: €1.5 billion in 2007, mostly bisphosphonates
 - Lead product: Zometa[®], sales 2007: €0.9 B
 - In development:
 - Relacatib (GSK) - Cathepsin K inhibitor (Phase II)
 - Denosumab (Amgen) - Anti-RANKL monoclonal (Phase III)
 - Abegrin (MedImmune) - IRA- IV route (Phase II)



IRA

Product profile we aim for

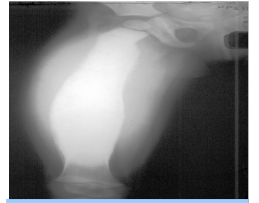
- Prevents growth of bone metastases
- ✓ Reduces tumor growth
- ✓ Prevents tumor angiogenesis (formation of blood vessels)
- Good clinical safety profile
- ✓ Oral dosing

✓ = advantage over Zometa®

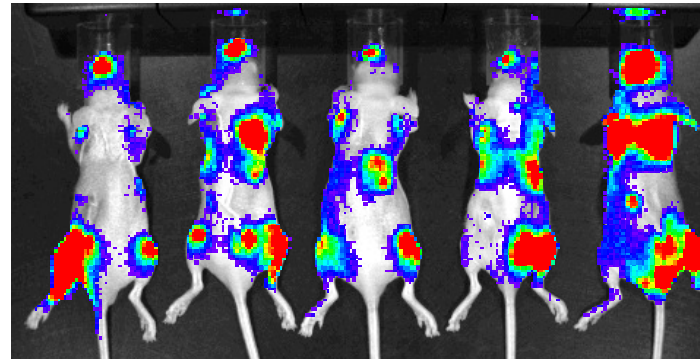


Metastasis in rat model

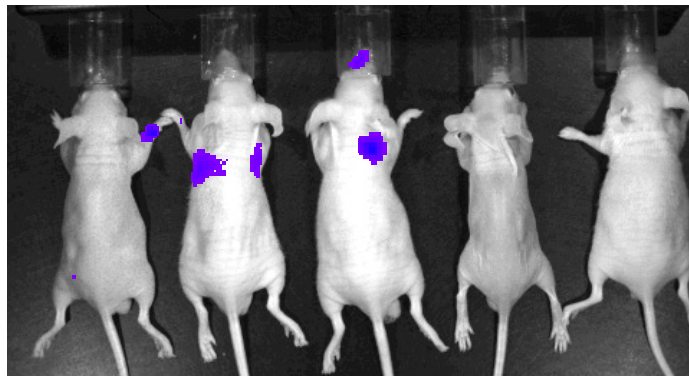
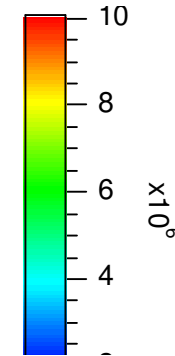
Cancer origin: prostate



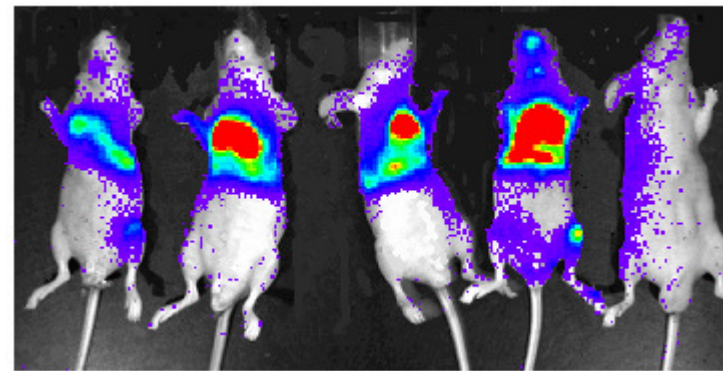
IRA



Untreated



GLPG compound



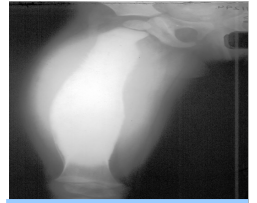
Zometa®

GLPG compound has advantages over Zometa® in reducing bone metastases & spread to other organs

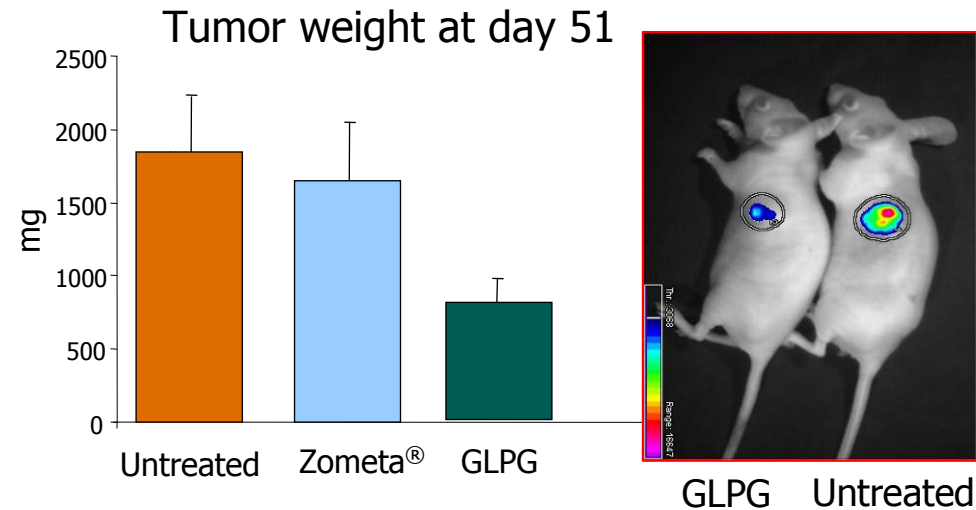
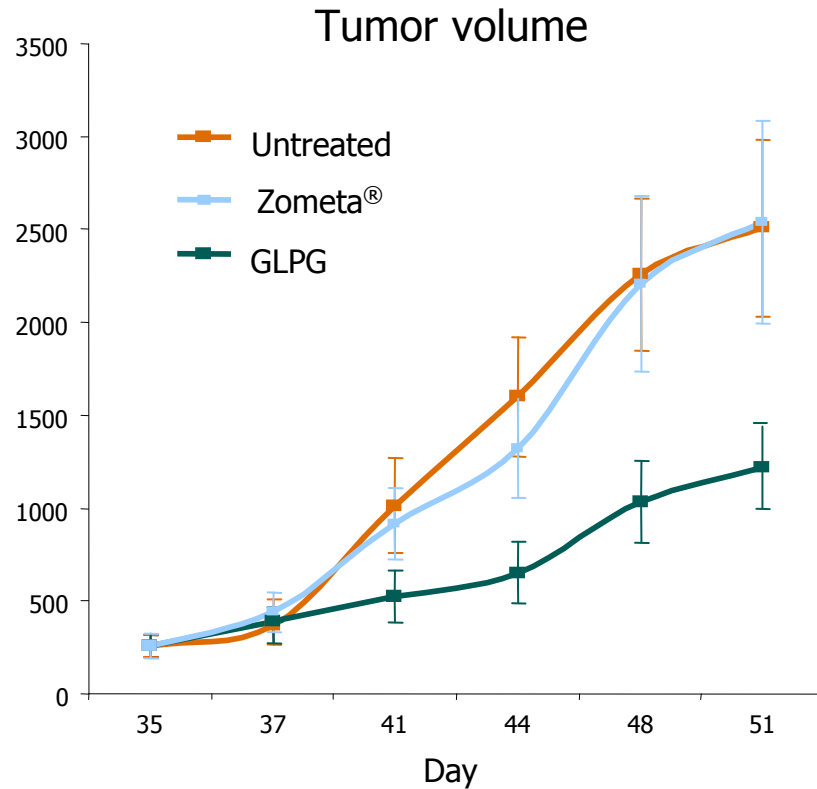


Tumor reduction in rat model

Cancer origin: breast



IRA

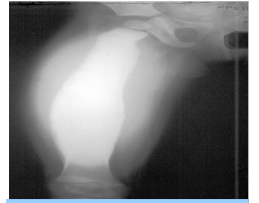


GLPG compound exhibits anti-tumoral activity

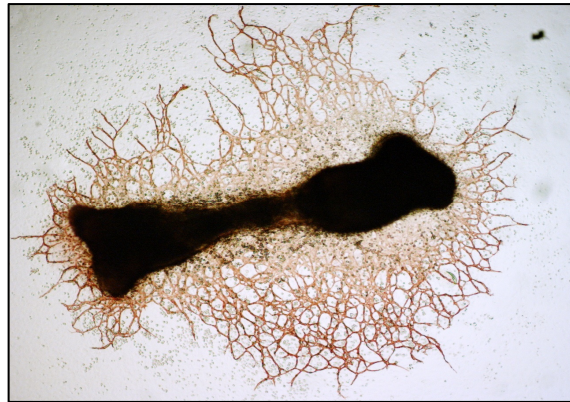


Capillary formation

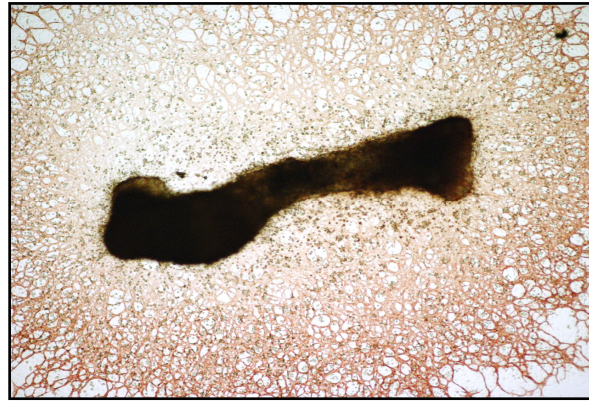
Bone explant blood vessel formation



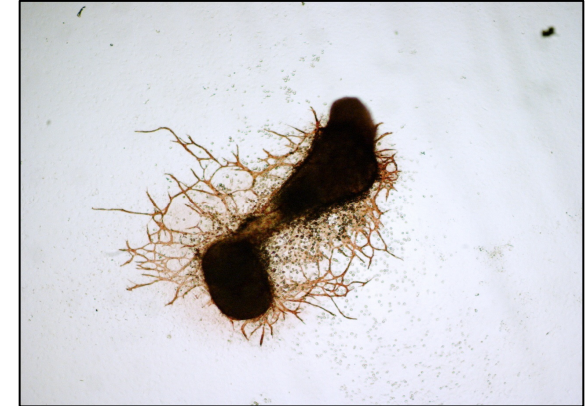
IRA



Normal



Untreated



GLPG

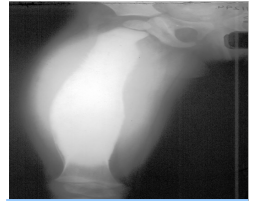
new blood vessels triggered

GLPG compound effective in reducing formation of new blood vessels

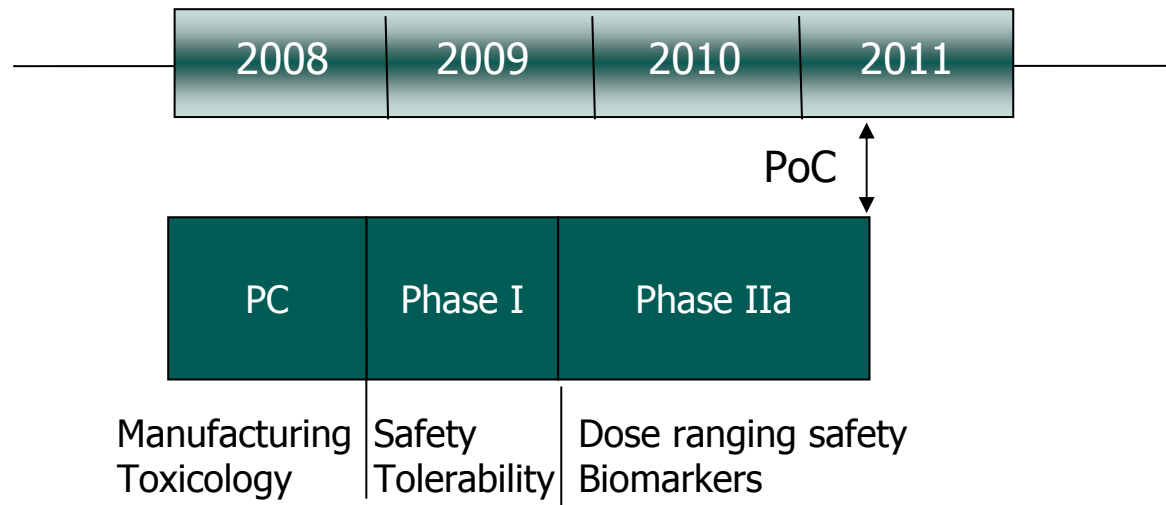


IRA program

Outline development plan



IRA





About rheumatoid arthritis (RA)

- Common and difficult to treat disease
 - chronic disease
 - inflammation, pain & joint destruction
 - leads to disability
- Affects ~1% of population, growing at 1.5% per year
 - 5% of women over age 55
- Market potential >7 billion
 - Marketed drugs: Methotrexate, TNF α blockers
 - Small molecules in development: p38 & Syk kinase inhibitors



What we aim for

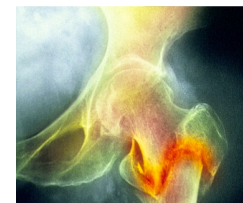
- Orally active drug for the disease
 - once or twice daily tablet
- New way to treat RA
 - reducing the inflammation of the joint
 - reducing the destruction of bone & cartilage
- Better safety profile than existing therapies



RA



Galapagos RA programs Feb 2008



RA

Target	Target discovery	Lead generation	Lead optimization	Preclinical	Phase I
GT418	[Progress bar spanning from Target discovery to Lead optimization]				
GT146	[Progress bar spanning from Target discovery to Lead optimization]				
GT314	[Progress bar spanning from Target discovery to Lead optimization]				
GT514	[Progress bar spanning from Target discovery to Lead optimization]				
GT562	[Progress bar spanning from Target discovery to Lead optimization]				
GT1704	[Progress bar spanning from Target discovery to Lead optimization]				
	[Progress bar labeled "12 novel targets" spanning from Target discovery to Lead optimization]				

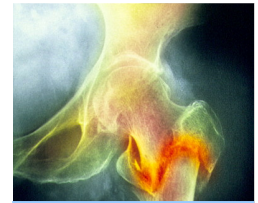
novel targets in hit finding

IND submission projected for 2008

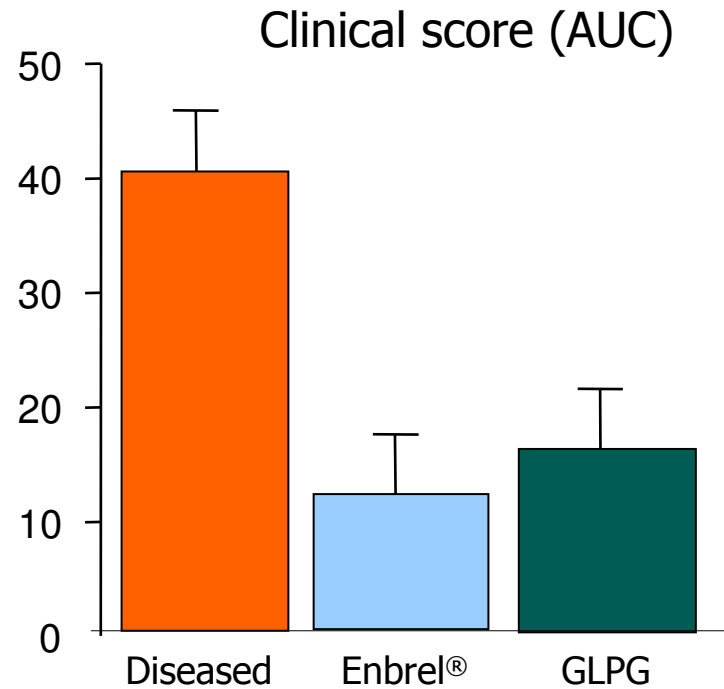


Strong results in mouse model

Measure of signs and symptoms



RA

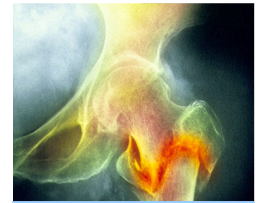


Galapagos compound significantly reduces signs and symptoms...

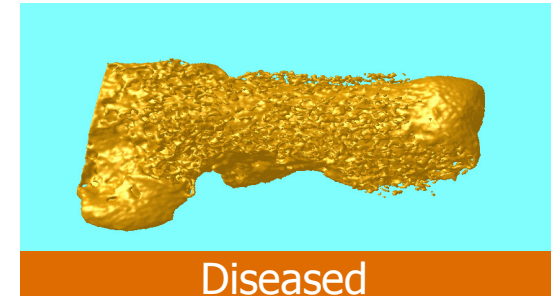
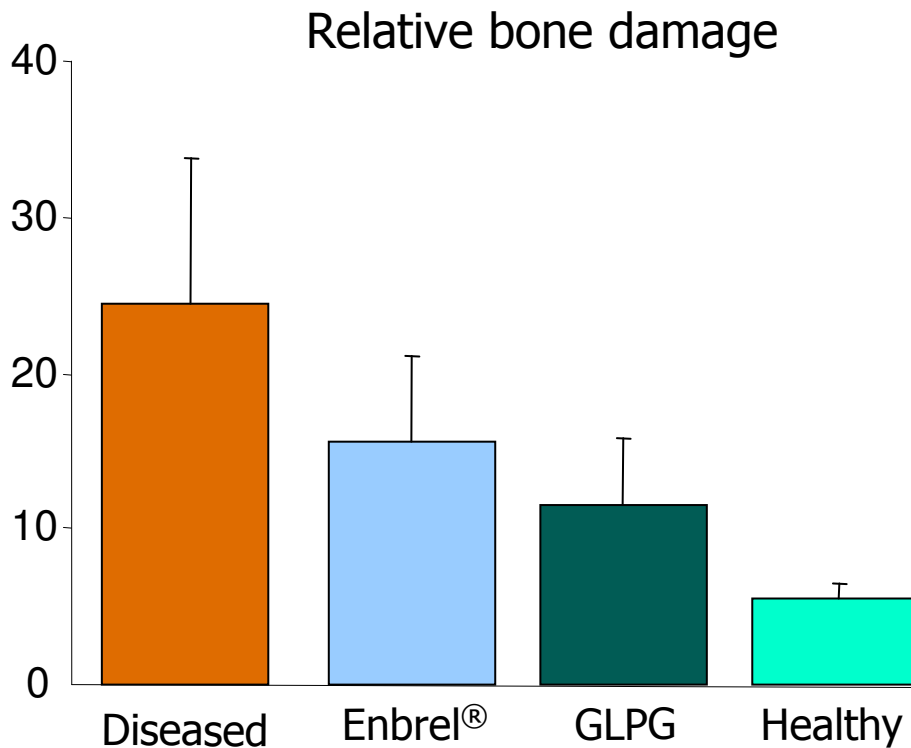


Strong results in mouse model

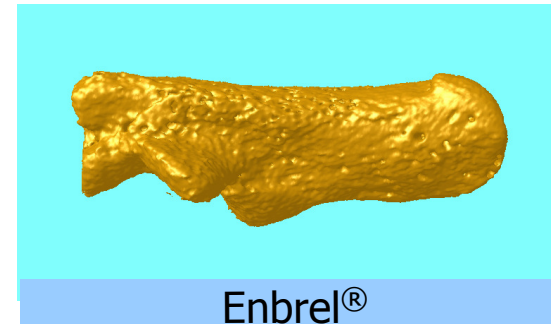
Effect on joint damage



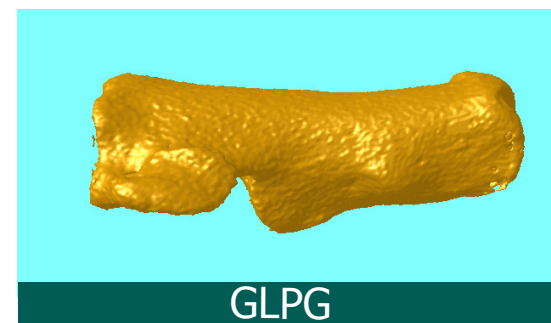
RA



Diseased



Enbrel®



GLPG

.....and is truly disease modifying



Pre-clinical candidate in RA

Summary of GLPG compound



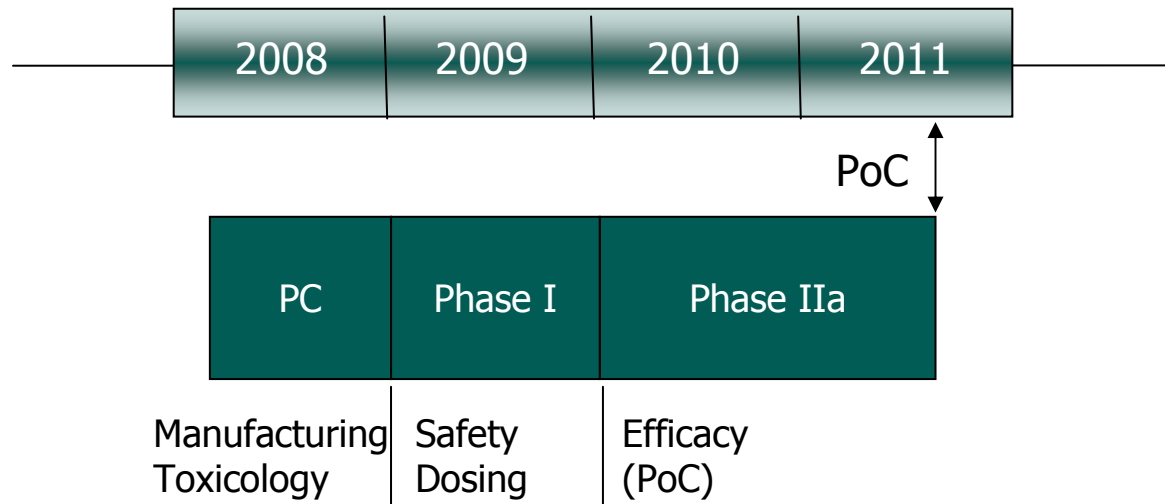
RA

- Good bioavailability for three species
 - suitable for once daily dosing
- Efficacy equivalent to Enbrel®
- Well tolerated in mice
- Acceptable therapeutic window: safe at >10X effective dose

Clinical trial timelines



RA





What are our key differentiators?

1. Exclusivity

- proprietary novel targets ➡ 'sole in class' drugs ➡ IP target + compound

2. Blockbuster potential

- all programs target large markets, need for novel medicines

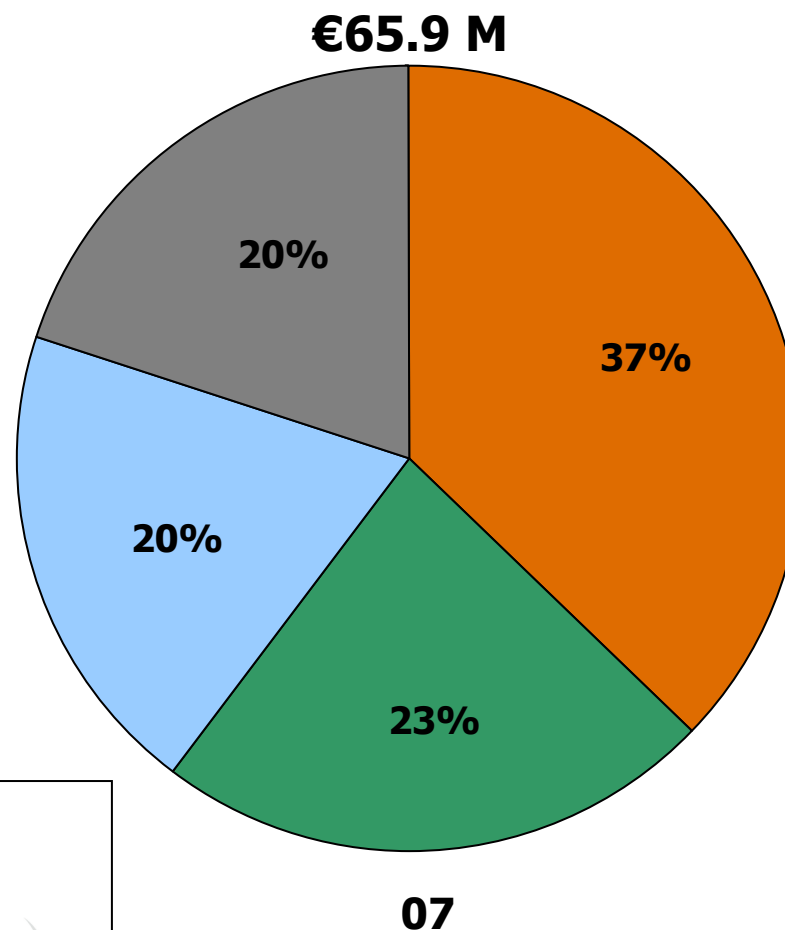
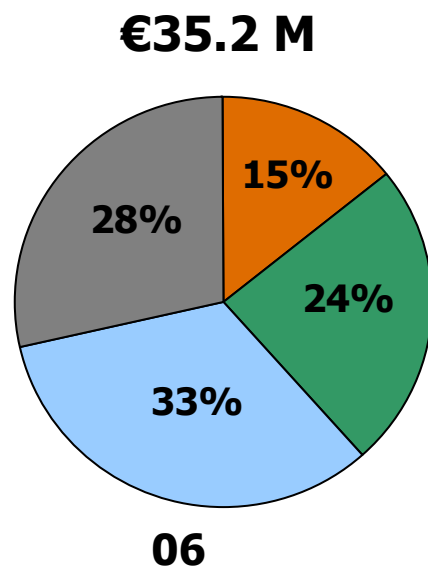
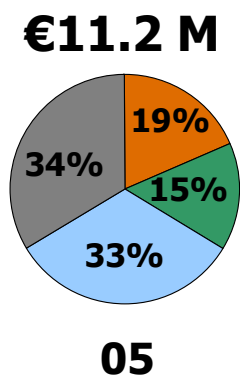
3. Premier partners

- big pharma alliances for development, registration & launch

4. Risk management

- alliance strategy allows 'pharma scale development' for each indication
- milestone payments secure continued funding
- GLPG less dependent on financial markets for access to capital

R&D growing share of revenues



 **Research**

 **Chemistry**

 **Biology**

 **Discovery products**

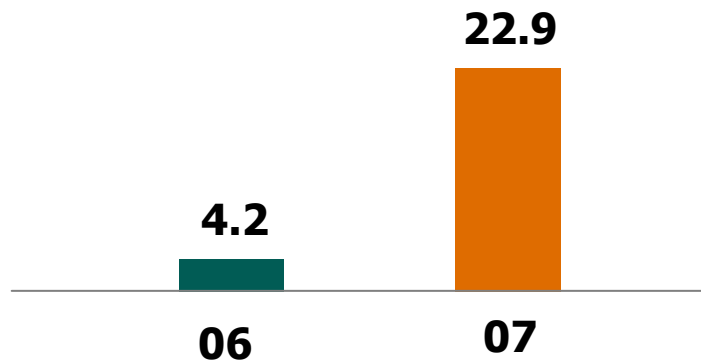
BioFocus DPI
A Galápagos Company

Galápagos

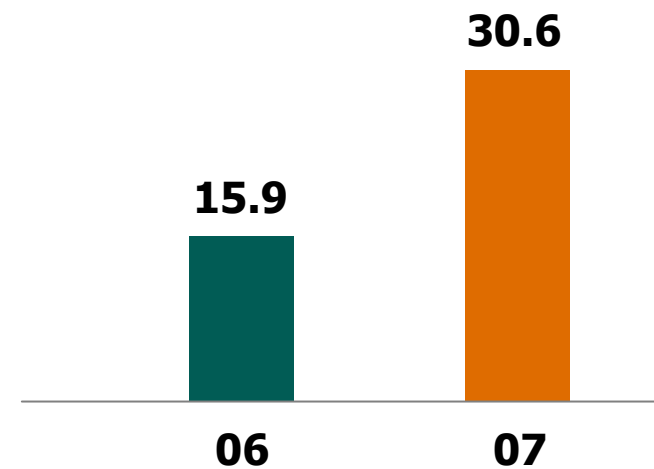
R&D delivered

- Revenues growth of 540%
- Spend €2 M below budget

R&D revenue



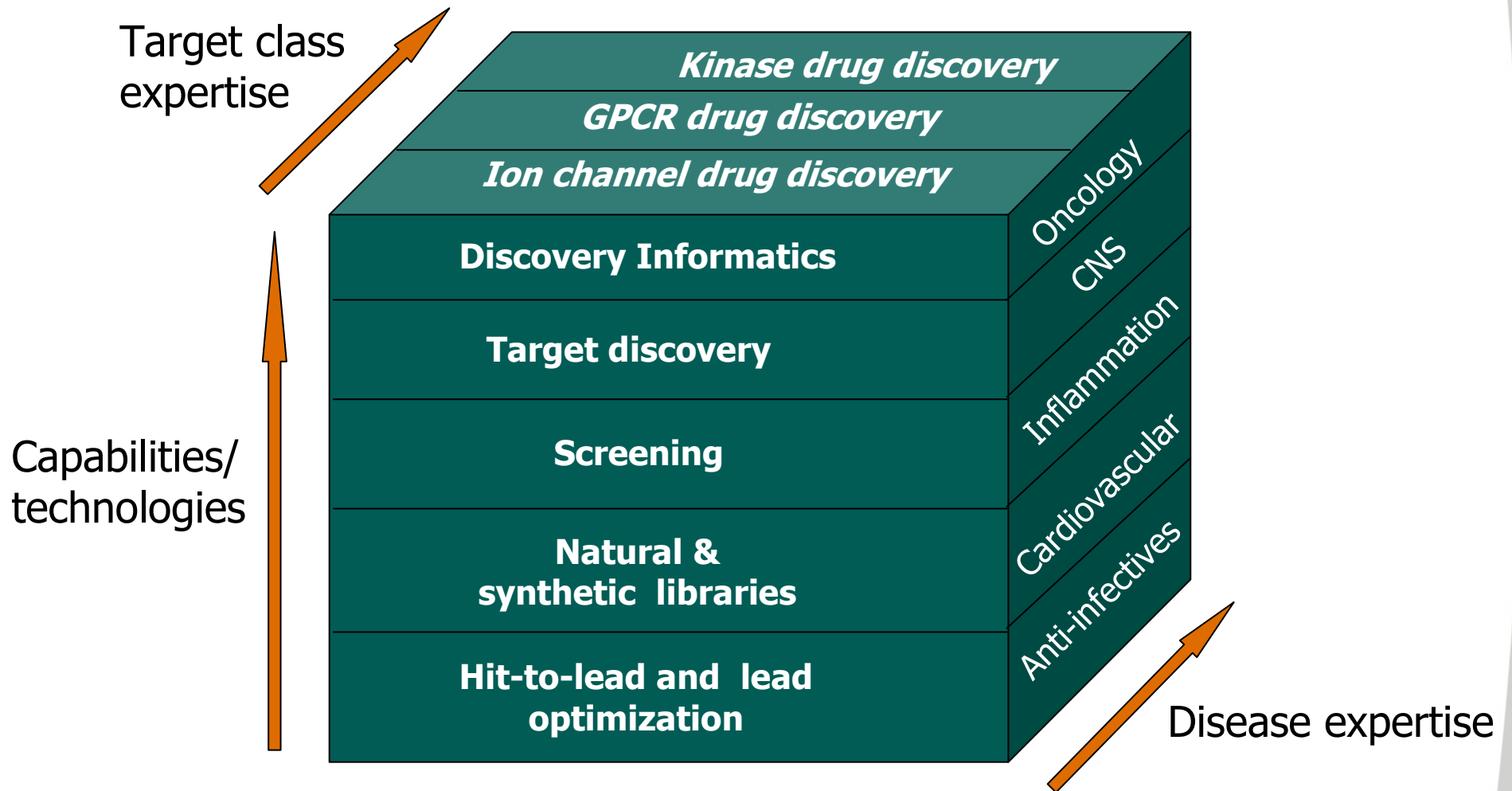
R&D investment



in € millions



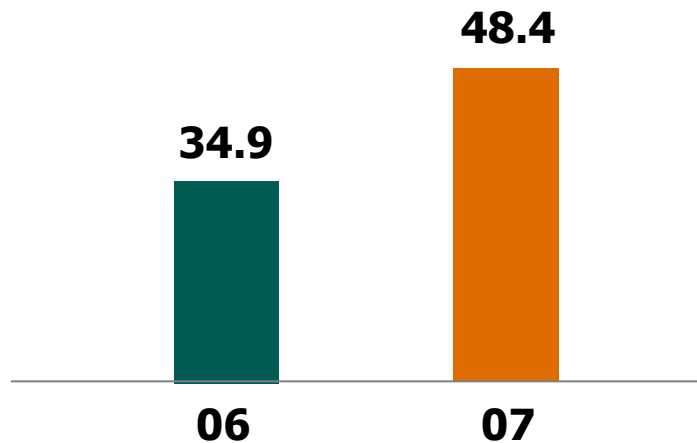
BioFocus DPI: value proposition



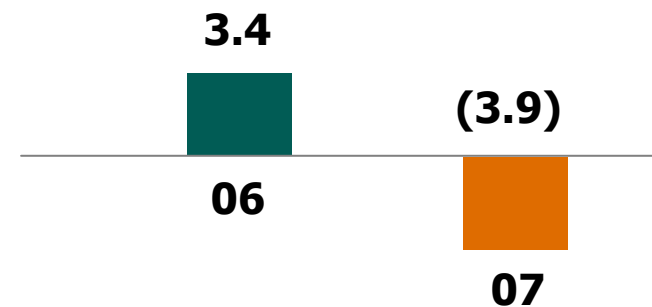
Service division result

- Medicinal chemistry strong
- Biology/libraries below expectations

BioFocus DPI revenue



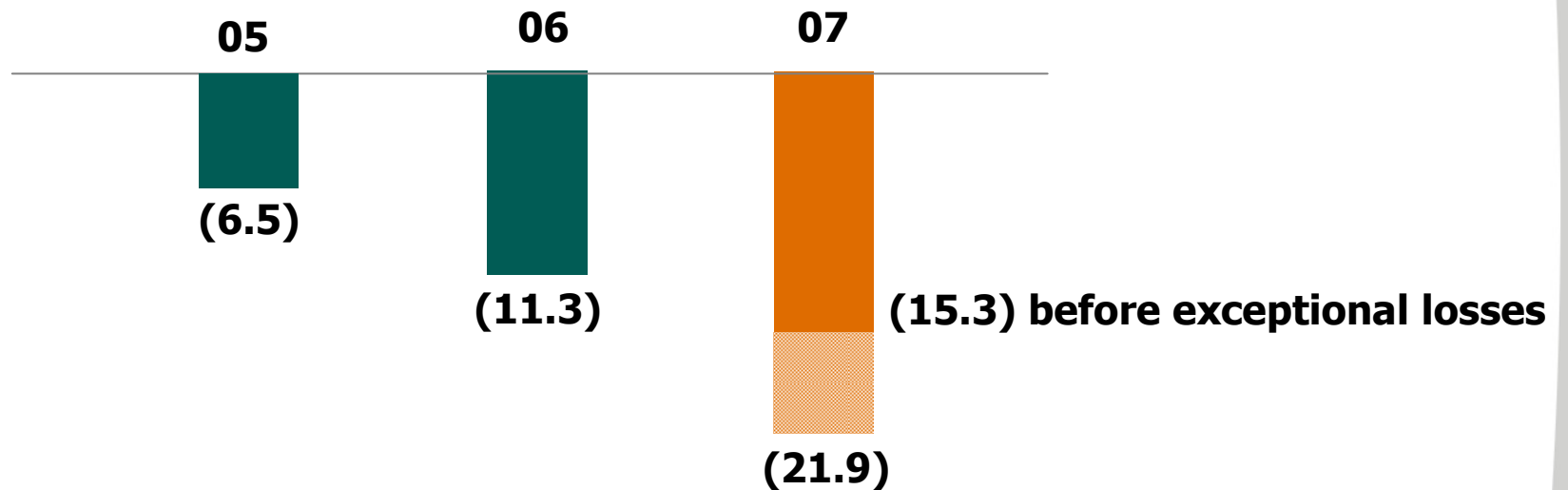
BioFocus DPI result





Group loss

- Planned increase in R&D spend
- Loss from BioFocus DPI

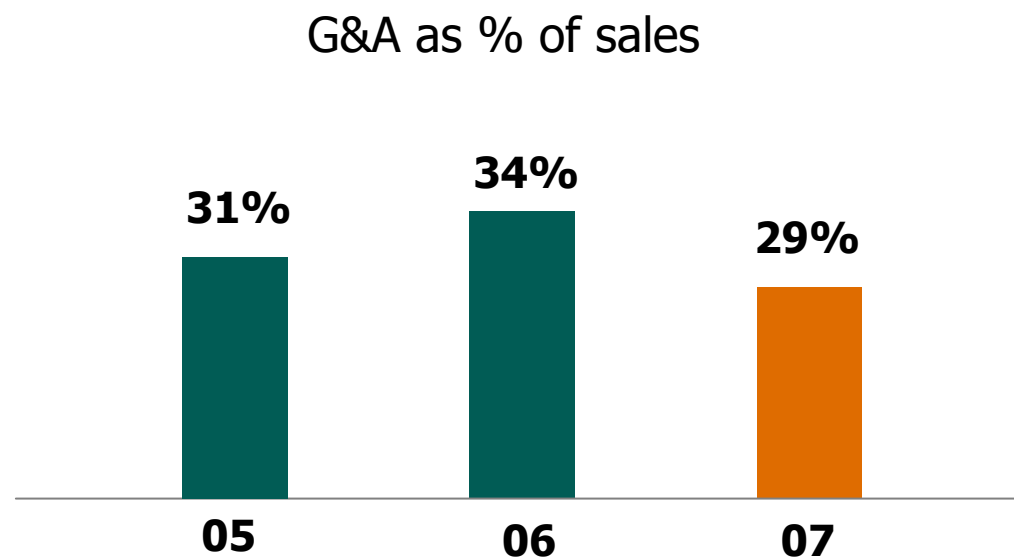


Loss per share:	€0.73	€0.84	€1.06
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in € millions, except loss per share

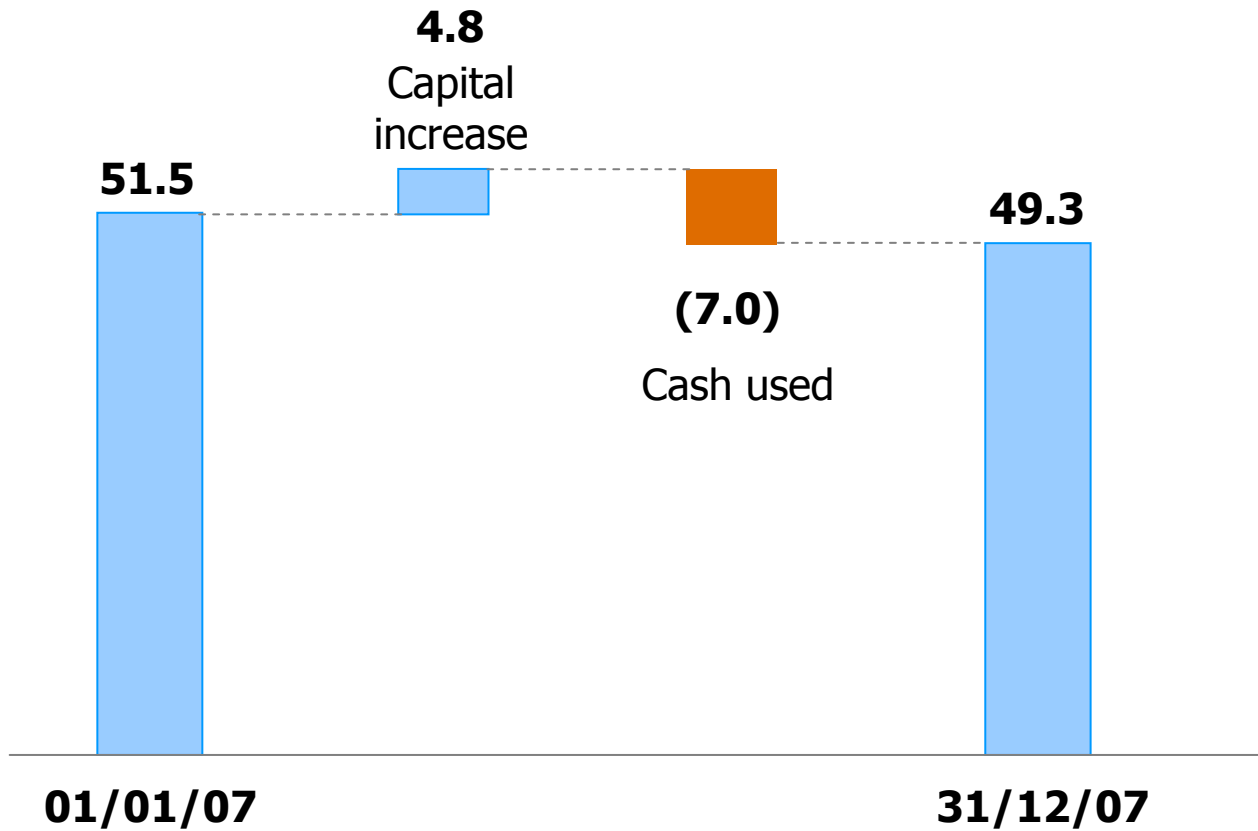


Cost control





Cash position of €49.3 M



in € millions



Financial scorecard for 2007

- Revenues guidance €60 - 64 M ✓
- Increase external R&D revenues ✓
- BioFocus DPI breakeven before one-offs - **loss of €3.9 M**
- R&D expense €33 M ✓
- Year end cash position > €48 M ✓

Closed 2007 with almost same cash position as 2006



Financial objectives in 2008

- Revenues in range of €75 - 80 M
- R&D spend approximately €50 M
- BioFocus DPI returns to profitability
- Year end cash position of approximately €25 M



Operational objectives for 2008

- Initiate Phase I study in bone metastasis
 - fast path to increase shareholder value
- File IND application in RA, start clinical phase I early '09
 - 'sole in class' drug with blockbuster market potential
- Deliver pre-clinical candidate in OA
- Deliver milestones in alliances
 - more than 30 programs in R&D

On track to become the leading European biotech

