Sum of the parts valuation Per GLPG share from various investment banks.

SVB Leerink ($194)

GALAPAGOS NV November 18, 2019

Per share value ($)	Undifferentiated	Incremental	Meaningful	Breakthrough
Filgotinib	35.71	71.20	104.55	155.06
GLPG1690	13.28	27.89	49.24	73.93
GLPG1972	0.45	2.11	2.33	2.66
GLPG1205	0.36	0.51	0.74	1.34
Cash	102.11	102.11	102.11	102.11
Operations	(28.31)	(38.42)	(58.13)	(74.13)
Total	123.60	165.40	200.84	260.97
Commercial probability distribution	5.0%	25.5%	59.7%	9.8%
Commercial adjusted total	6.20	42.16	119.87	25.59
Sum of the parts total ($)	194.00			

Source: SVB Leerink Research

Goldman Sachs (€ 108)

GLPG.AS	12m Price Target: **€108.00**	Price: **€166.25**	Downside: **35.0%**

Neutral

Market cap: €7.6bn / $8.4bn
Enterprise value: €6.6bn / $7.3bn
3m ADTV: €62.0mn / $68.5mn
Belgium
Europe Biotech
M&A Rank: 3
Leases incl. in net debt & EV?: No

GS Forecast

	12/18	12/19E	12/20E	12/21E
Revenue (€ mn)	317.8	215.0	232.4	272.2
EBIT (€ mn)	(44.8)	(276.6)	(276.0)	(236.9)
EPS (€)	(0.56)	(4.69)	(4.48)	(3.77)
P/E (X)	NM	NM	NM	NM
EV/EBITDA (ex lease,X)	NM	NM	NM	NM
Dividend yield (%)	0.0	0.0	0.0	0.0
FCF yield (%)	(3.4)	(3.6)	(3.3)	(2.3)
CROCI (%)	26.6	324.8	1,549.4	(531.6)
N debt/EBITDA (ex lease,X)	–	–	–	–

	12/18	3/19E	6/19E	9/19E
EPS (€)	0.30	(1.17)	(1.17)	(1.17)

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 15 Nov 2019 close.

Berenberg (€225)

Exhibit 1: We raised our price target to €225 (from €195)

Expressed as € in millions, unless noted

Sum of the parts valuation	Per share	FCFF DCF valuation	
Filgotinib (Gilead U.S., EU)	€ 60	PV of Free Cash Flow	4,410
GLPG1690 (Gilead U.S.)	€ 35	PV of Terminal Value	3,872
GLPG1972 (Servier EU / Gilead U.S.)	€ 19	Implied Enterprise Value	8,283
CF program (AbbVie)	€ 5	Plus: Cash and Securities (Q419)	5,496
Platform value	€ 60	Less: Total Debt (Q419)	0
Cash and Securities, net	€ 54	Implied Value of Equity	13,779
All Other	-€ 8	Diluted Shares Outstanding	61
Implied Value	**€ 225**	**Implied Value per Share**	**€ 225**

Source: Company filings, Berenberg Capital Markets

H.C. Wainwright & Co. ($205)

Source: H.C. Wainwright & Co. estimates.

Landmark deal with long-time collaborator, paves the way for strong revenue line in 3Q19. For 3Q19, Galapagos reported a net gain of €361M vs. our estimates of €297.4M, with GAAP EPS of €5.83 vs. our estimates of €4.80. The €596M topline reflected: (1) €667M immediate recognition for the opt-in of '1690; (2) €24M recognition of the platform portion upfront; and (3) (€94M) negative impact on filgotinib revenue recognition. Balance sheet currently reflects $6.2B (€5.6B) in cash and equivalents, which includes Gilead's recent collaboration deal of roughly $3.95B in cash, and $1.1B in equity investment. Galapagos now has €3.1B in deferred revenues, which would drive at least €400M in revenue recognition annually in the next 4-5 years, which is expected to trail off to roughly €200M per year after that. Together, these cash reserves should be sufficient to fund operations for at least six years, by our estimates. Note, as Galapagos builds out filgotinib's commercial position in 2020, filgotinib-related spend in the next five years would equate to roughly €750M in total. For FY19 and FY20 we estimate GAAP EPS of €7.90/share and €(2.48)/share, respectively, vs. prior estimates of €8.52/share and €2.21/share, respectively.

Valuation and risks to our investment thesis. Our 12-month price target on shares of Galapagos is $205, which is derived from a 13-year DCF-based, sum-of-the-parts analysis. Our DCF is driven by: beta of 1.26, terminal growth rate of -3.0%, risk premium of 4.93%, calculated WACC of 8.2%, and tax rate of 20% beginning in FY 2025. Filgotinib (68%), GLPG1690 and GLPG1972 (3% each) together make up about 75% of our value, with the remainder derived from the probability-adjusted, filgotinib-associated milestone payments. For filgotinib, we assume POS in the range of: 80% for RA based on the FINCH 1 and 3 clinical updates released post close on March 28, 2019, 65% for UC, and 60% for CD, PsA and AS each, whereas for '1690 and '1972, we assign a 35% and 10% POS, respectively. Key risks include: emergence of safety concerns, clinical risks, regulatory risks, and financial risks. Furthermore, regulatory and commercial strategy for filgotinib is under the control of partner, Gilead, not an established player in autoimmune indications. Hence, Gilead may not be able to drive rapid adoption of filgotinib, especially if the overall profile is relatively undifferentiated from AbbVie's (ABBV; not rated) upadacitinib, in our view. Hence, our estimates could be negatively impacted if AbbVie successfully leverages its market positioning with Humira during the launch of upadacitinib, which is likely to be a year ahead of filgotinib. The next two value drivers for Galapagos are GLPG1690 and GLPG1972 programs, both of which are high-risk, high-reward programs given the checkered history of drug development of each target.

Bryan, Garnier & Co (€175)

Model adjustments following Q3 results

We are taking the opportunity of this news to update our model following the publication of the Q3 results. Based on the management's comments, we increase or R&D expenses for the upcoming year from to c.EUR450m which has an impact of EUR3 per share on our Fair Value. We also remove the Sjogren's syndrome indication from our estimates for filgotinib following the failure of the phase II trial (EUR0.5 per share impact). Of note is that we did not included the lupus indication in our model, hence no impact of the failure of the phase II trial on our fair value.

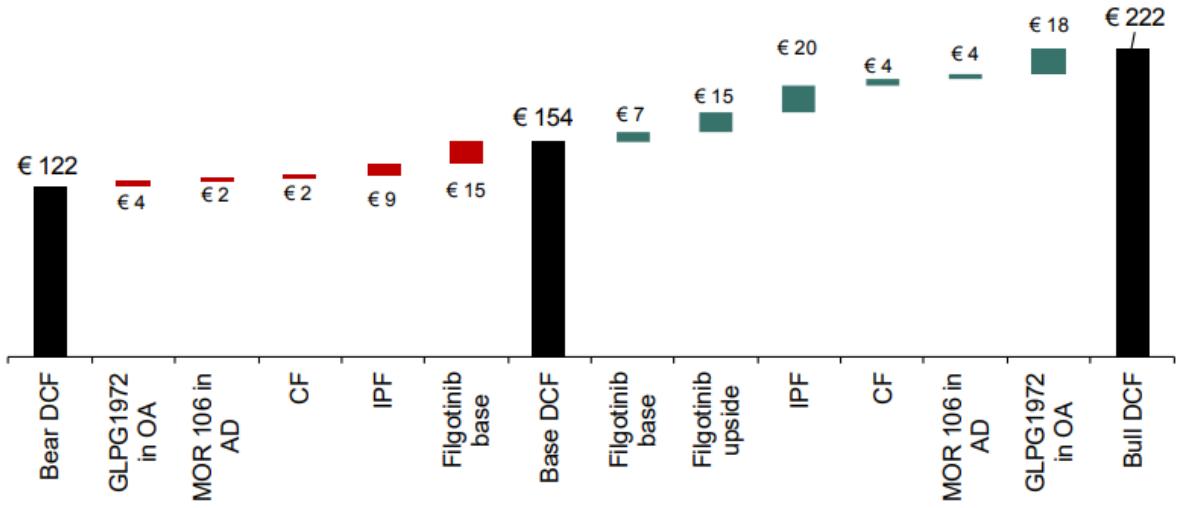
Taking into account all of the above mentioned modification to our model, our fair value decreases by EUR5 from EUR180 to EUR175.

Bernstein (€155)

EXHIBIT 1: **DCF values Galapagos at €155/share**

	US	OUS	Milestones	Total	% of Total	Probability
Filgotinib - I&I						
Rheumatoid arthritis	*€ 12.3*	*€ 10.0*		*€ 22.3*	*14%*	100%
Ankylosing spondylitis	*€ 1.2*	*€ 0.9*		*€ 2.1*	*1%*	80%
Psoriatic arthritis	*€ 1.5*	*€ 1.8*		*€ 3.3*	*2%*	80%
Crohn's disease	*€ 4.8*	*€ 3.7*		*€ 8.6*	*6%*	80%
Ulcerative colitis	*€ 3.6*	*€ 2.4*		*€ 6.0*	*4%*	90%
Milestone payments			*€ 14.2*	*€ 14.2*		
Filgotinib total	€ 23.5	€ 18.8	€ 14.2	€ 56.5	37%	
GLPG1690 - IPF (RoW & EU)	€ 4.1	€ 4.3	€ 1.3	€ 9.8	6%	30%
Triple combo - CF	€ 0.7	€ 0.4	€ 1.4	€ 2.4	2%	30%
MOR106 - AtD*	€ 0.4	€ 0.2	€ 1.6	€ 2.3	1%	30%
GLPG1972 - OA	€ 1.5	€ 0.2	€ 2.8	€ 4.4	3%	20%
Target discovery platform/technology				€ 18.6	12%	
Reimbursement revenue				€ 2.5	2%	
Services revenue				€ 1.2	1%	
Other income				€ 3.9	3%	
Total				**€ 101.5**	**66%**	
Terminal (0%)				**€ 84.9**	**55%**	
General & admin; sales & marketing				-€ 16.8	-11%	
Capex				-€ 4.8	-3%	
R&D				-€ 107.6	-70%	
Other Non-Op Items				€ 5.7	4%	
Total Other				**-€ 123.6**	**-80%**	
Net Debt				**€ 91.2**	**59%**	
TOTAL GROUP (SOTP)				**€ 154.1**	**100%**	
TOTAL GROUP (Group DCF)				**€ 153.8**		

Source: Company disclosure, Bernstein analysis and estimates

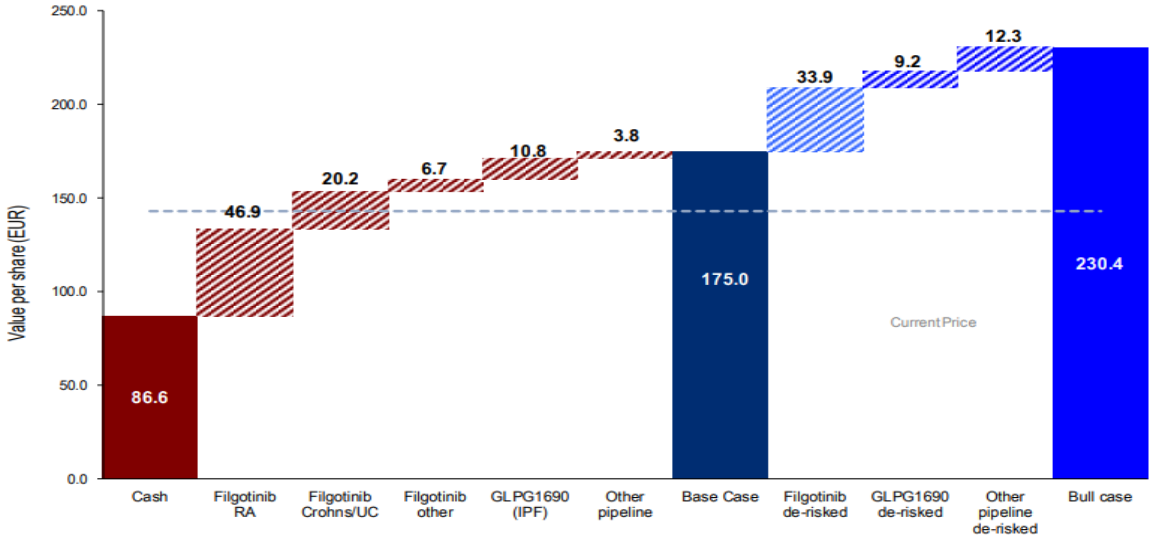


	Base	Bear	Bull
Filgotinib base	100% success in RA, 80% in AS, 80% in PsA, 80%, CD, 90% in UC. Total sales of €2.4B	Total sales of €1.5B	100% success across all indications (€2.7B in 2030 sales)
Filgotinib upside	n/a	n/a	Filgotinib achieves peak sales of €4B in 2030
IPF	30% probability of €1.5B in 2030 revenues	Failure	100% probability of €1.5B in 2030 revenues
CF	30% probability of $1.3B in 2030 revenues (assuming ABBV deal structure)	Failure	100% probability of $1.3B in 2030 revenues (assuming ABBV deal structure)
MOR 106 in AD	30% probability of $0.8B in 2030 revenues (14-22% royalty)	Failure	100% probability of $0.8B in 2030 revenues (14-22% royalty)
GLPG1972 in OA	20% probability of $1B in 2030 revenues (7% royalty on OUS sales)	Failure	100% probability of $1B in 2030 revenues (7% royalty on OUS sales)
DCF	€ 154	€ 122	€ 222

Source: Company disclosure, Bernstein analysis and estimates. Note we do not account for changes in terminal value and only include value to 2030

Citi Research (€175)

Figure 1. Our sum-of-the-parts valuation is €175 per share, with significant upside potential from de-risking the pipeline.



Nomura ($209)

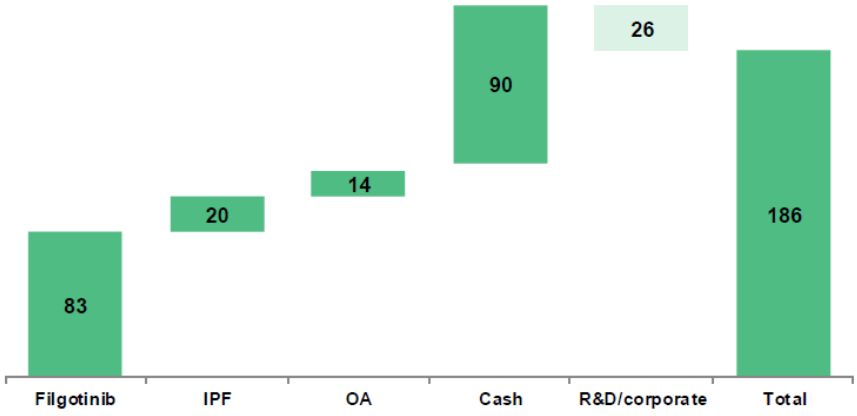
Valuation Methodology Our target price of $209 for Galapagos NV (GLPG) is based on an SOTP analysis, applying a 16x royalty multiple on peak filgotinib U.S. royalties and 6x multiple on peak filgotinib EU profits in 2025E (in RA, PsA, UC, and Crohn's). We estimate filgotinib peak sales of $6bn in 2025. For filgotinib in RA, we apply a 15% discount rate, reflecting a lower development risk with the FINCH readouts, and as the target, JAK, is already validated by an approved drug in RA. For filgotinib in UC and Crohn's, we apply a 25% discount rate, reflecting a slightly higher risk for these indications and clinical stage. For filgotinib in PsA, we apply a 40% discount rate, reflecting the P2 clinical stage. For the IPF program, we use an 8x multiple, reflecting a higher value for the higher-margin orphan program and a 40% discount that reflects a higher development risk. The benchmark for this stock is the Nasdaq Biotechnology Index.

Risks that may impede the achievement of the target price Regulatory risk: For filgotinib, the FDA may issue a class label on the risk for serious infections and malignancies. This action will not prevent filgotinib from reaching the market, but it could create a negative perception of the drug among patients and physicians, which would affect commercial sales in a saturated

market. Competitive risk: A superior oral agent achieves POC or enters market. If Upadacitinib gets approved without black-box label, it could take lion's share of the market. Competing IPF pipeline agents may achieve a speedier path to approval. Clinical risk: The Phase 2 study with filgotinib in CD used the CDAI as the primary outcome measure. The Phase 3 study is using the more traditional PRO as the primary outcome measure. This difference in design may result in a smaller efficacy difference between the placebo and treatment arms in the Phase 3 study. Enrollment of patients in studies might take longer than anticipated. Safety signals compromising the compound's therapeutic profile may result in black-box label or discontinuation. Investors should take note of the risk of volatility inherent in the price of Biotech stocks.

Degroof Petercam (€186)

Exhibit 1 Sum-of-the-parts valuation (EUR/share)



Source: Degroof Petercam estimates; *per share figures calculated based on the average number of shares including Gilead's equity investment

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ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST