Best-in-Class Safety

Fig. 4: P3 bDMARD-IR RA Safety - FINCH 2 vs. SELECT-BEYOND

Green highlighted cells highlight better drug by listed AE.

Drug (Name of Pivotal Trial)	Upadacitinib (P3 SELECT-BEYOND)					Filgotinib (P3 FINCH 2)		
Assessment Period	Weeks 0-12			Weeks 12-24*		Week 24		
Trial Arm	PBO	High Dose	Low Dose	Low Dose	High Dose	PBO	Low Dose	High Dose
n	169	164	165	228	223	148	153	147
Serious AE	**0 (0.0%)**	**8 (4.9%)**	**12 (7.3%)**	**10 (4.4%)**	**10 (4.5%)**	**5 (3.4%)**	**8 (5.2%)**	**6 (4.1%)**
PE/DVT	**0 (0.0%)**	**1 (0.6%)**	**1 (0.6%)**	**3 (1.3%)**	**1 (0.4%)**	**0 (0.0%)**	**0 (0.0%)**	**0 (0.0%)**
Deaths	**0 (0.0%)**	**0 (0.0%)**	**1 (0.6%)**	**1 (0.4%)**	**0 (0.0%)**	**0 (0.0%)**	**0 (0.0%)**	**0 (0.0%)^**
Herpes Zoster	1 (0.6%)	1 (0.6%)	4 (2.4%)	2 (0.9%)	3 (1.3%)	0 (0.0%)	2 (1.3%)	2 (1.4%)
Serious Infections	0 (0.0%)	1 (0.6%)	4 (2.4%)	3 (1.3%)	3 (1.3%)	?	?	?
Opportunistic Infections	0 (0.0%)	1 (0.6%)	2 (1.2%)	0 (0.0%)	1 (0.4%)	0 (0.0%)	0 (0.0%)	0 (0.0%)
Malignancy	1 (0.6%)	1 (0.6%)	2 (1.2%)	1 (0.4%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)
MACE	0 (0.0%)	1 (0.6%)	1 (0.6%)	0 (0.0%)	1 (0.4%)	1 (0.7%)	1 (0.7%)	0 (0.0%)

** Week 12-24 Includes PBO switches to Upa 15 or Upa 30mg*

^ 1 case of retinal vein occlusion, non-serious

Source: Company reports, Instinet research

Fig. 5: Filgo Safety Summary vs. other bDMARDs

event per 100 PYE	filgotinib	baricitinib	tofacitinib	upadacitinib	tocilizumab	adalimumab
	50-200 mg	2 and 4 mg QD	5 mg BID	6 and 12 mg BID	4 and 8 mg/kg	
	DARWIN3 wk132	Genovese *et al* ACR2017	Wollenhaupt ACR 2017	Genovese ACR2017	Genovese ACR 2012	Burmester 2011
patient year exp.	2,042	6,637	5,278	725	14,994	23,943
serious infection	1.0	2.9	2.4	2.3	4.5	4.6
herpes zoster	1.5	3.2	3.8	3.7	ND	ND
DVT/PE	2/2,042* 0.1	31/6,754 0.5	3/1,849 0.2	5/725 0.7	ND	ND
deaths	0.2	0.3	0.6	0.3	0.6	0.8

*: one single patient experiencing DVT and PE
DVT/PE = deep venous thrombosis/pulmonary embolism
Note: data not from head-to-head studies, comparisons may not be accurate
Tofacitinib DVT/PE data from Mease, ACR2017 (5mg bd), and death data from 2012 FDA Medical review
Baricitinib: DVT/PE Weinblatt ACR 2017

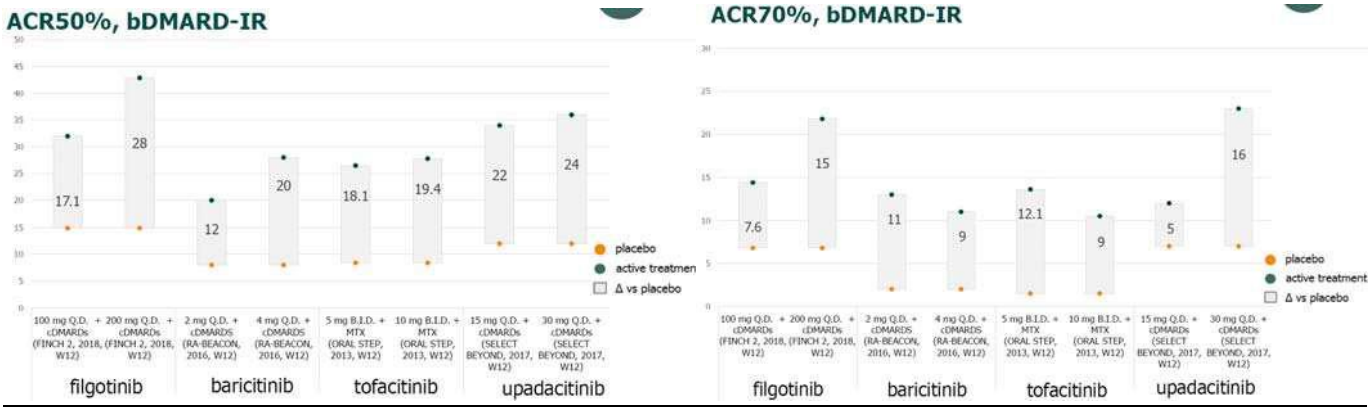
36

Galápagos

Source: Company presentations

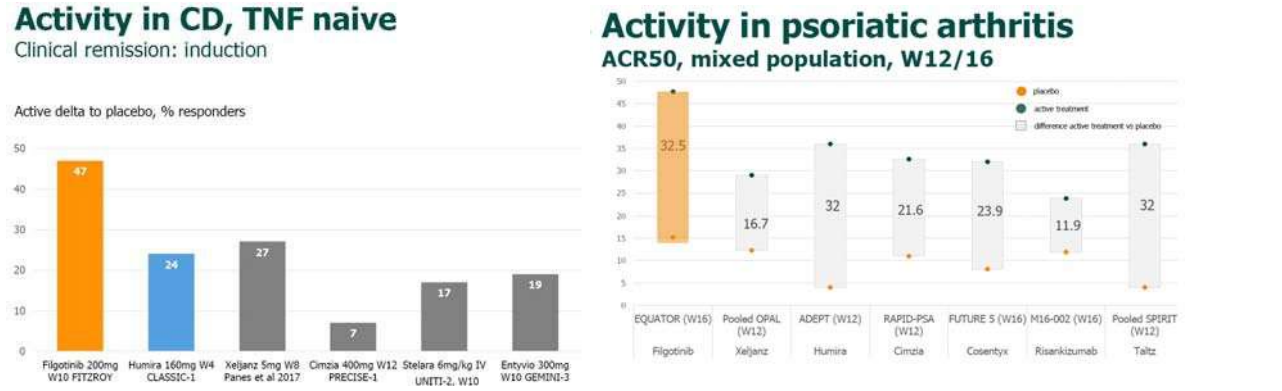
Efficacy ≥ Competing JAKis and Biologics Across Indications

Fig. 6: FINCH 2 – Filgo Efficacy Comparisons vs. Other JAK inhibitors (wk12)



Source: Company presentations

Fig. 7: P2 Filgo Results Shows Potential for Best-in-Class Efficacy Across Indications

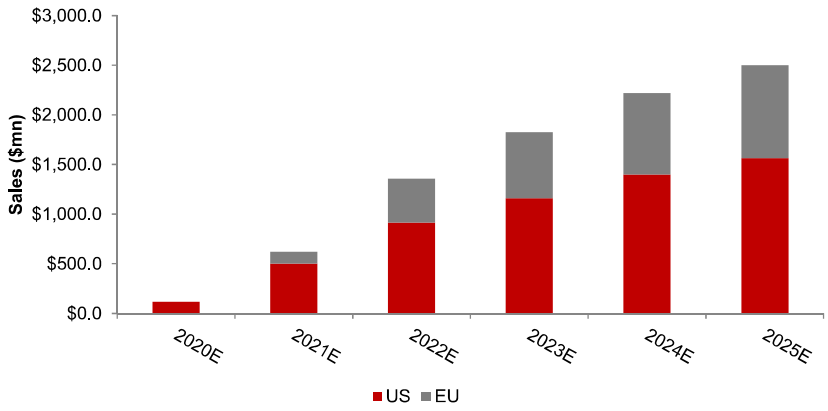


Source: Company presentations

Filgotinib Revenue Est. - By Indication

Rheumatoid Arthritis (~$2.5bn)

Fig. 8: Rheumatoid Arthritis – Filgotinib Revenue Estimates

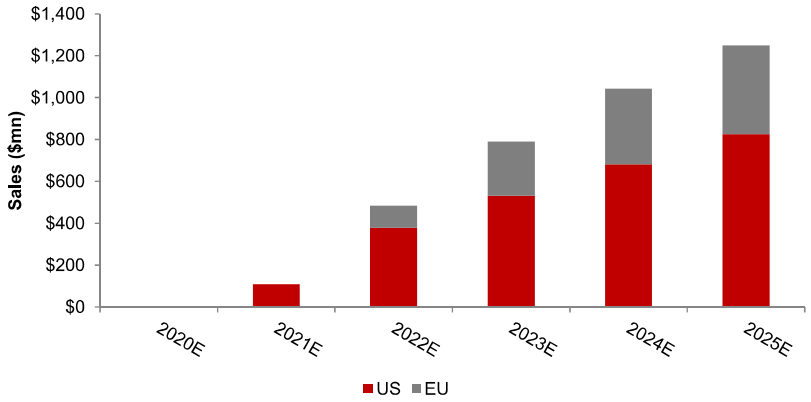


- FINCH 2 note
- Launch 2H20E
- Peak Sales: $2.5bn by 2025E.
- Despite being the fourth JAK inhibitor, filgotinib to enter the saturated RA market (~1 yr after ABBV's Upa), we believe filgotinib's best-in-class safety profile and strong efficacy, on par with other bDMARDs, will garner strong uptake to ~$2.5bn WW.
- FINCH 1 and 3 in early-line RA are expected to readout in 1Q19E.

Source: Instinet estimates

Ulcerative Colitis (~$1.25bn)

Fig. 9: Ulcerative Colitis – Filgotinib Revenue Estimates

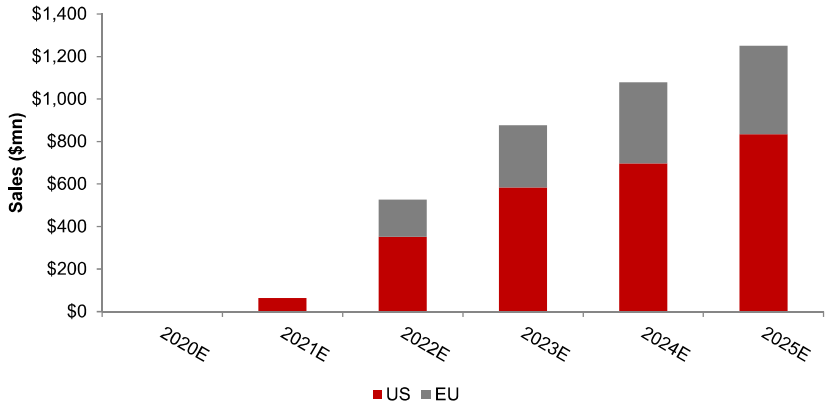


- P2/3 SELECTION 1 Proceed to P3 Note
- Launch 1H21E
- Peak Sales: $1.25bn by 2025E
- GLPG anticipates enrollment completion in the P3 SELECTION 1 trial by 1H19E – we expect to be early 1Q19E, based on GILD's focus on MANTA UC enrollment.
- We expect top-line readout either by YE19 or 1Q20.
- With Xeljanz (approved) and Upa showing activity in UC, we est. filgo will improve upon efficacy and safety, respectively – similar to RA.

Source: Instinet estimates

Crohn's Disease (~$1.25bn)

Fig. 10: Crohn's Disease – Filgotinib Revenue Estimates

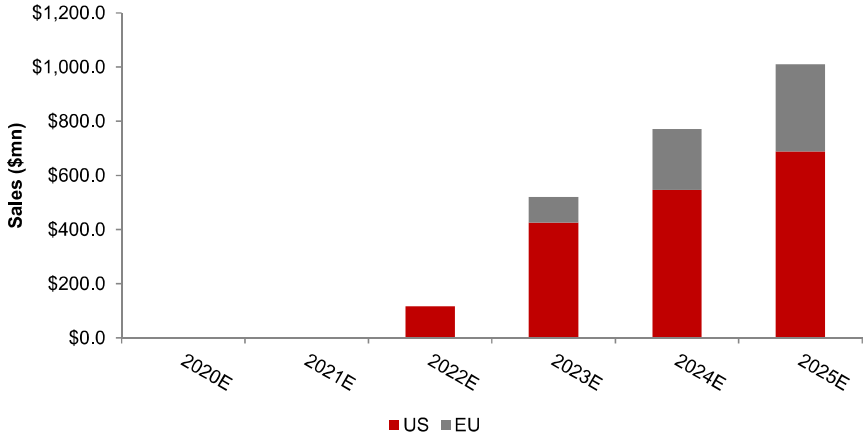


- Launch 2H21E
- Peak Sales: $1.25bn by 2025E
- GLPG anticipates enrollment completion in the P3 DIVERSITY 1 trial by 2H19.
- We expect top-line readout in 2H20.
- Based on robust P2 results in FITZROY trial in TNF-naiive patients 47% active delta vs. placebo (induction of remission), we believe filgo will improve substantially upon SOC and garner strong uptake in Crohn's disease where there is strong unmet need for efficacy.

Source: Instinet estimates

Psoriatic Arthritis (~$1.0bn)

Fig. 11: Psoriatic Arthritis – Filgotinib Revenue Estimates



- P2 data note
- Launch 2022E
- We anticipate Phase 3 Start in 2019.
- P2 data was vastly superior to Xeljanz PsA pivotal and other bDMARDs.
- At the R&D day, mgmt. announced filgo demonstrated pain benefits independent of anti-inflammatory MOA – to be revealed in the future. Strong benefits in QoL will help filgo compete in PsA.
- Psoriasis better picked up by IL-17 and IL-23. Vast majority has tendonitis for which JAKi is better MOA.

Source: Instinet estimates

MANTA - GILD 3Q Earnings Call

Consistent with prior guidance, MANTA data is required for filing (as of now). MANTA is a trial (n=250) evaluating the testicular safety of filgo in adult UC males on a 13-wk primary endpt of >50% decrease vs. baseline in sperm concentration. MANTA's Jan 2021 primary completion and 26-week secondary endpts worry some investors.

GILD 3Q Call – Bullish – FINCH 1 & 3 Readout Now 1Q19E

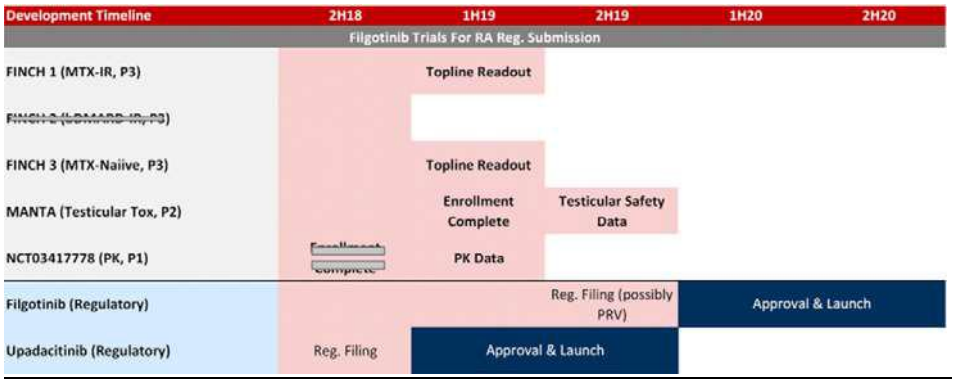
On the 3Q earnings call, GILD narrowed the expected timing of FINCH 1 & 3 readout from 1H19 to **1Q19**. Investor Qs focused on MANTA– no clarity on speed of enrollment.

During Q&A, GILD's R&D Head confirmed a submission with MANTA appended at the end is one possible option – they are currently discussing with regulators.

There were also hints at potential modifications to inclusion criteria in MANTA (maybe add Crohn's? No placebo?) - in order to speed enrollment. We note 70 sites are up and recruiting (for a P2 study) – indicating GILD's working diligently to enroll ASAP.

We est. brisk enrollment complete in 1H19 w/ primary endpt 13-wk data avail. for 2H19 FDA filing. MANTA is an overly conservative FDA study req., in our view, given the expected increase in sperm count with reduction in inflammation. Regardless, MANTA timelines don't change expectations that filgo would launch shortly after upa.

Fig. 12: Filgotinib Program – Estimated Milestones



Source: Company reports, Instinet estimates