

26th September 2016

Healthcare

Galapagos

Price EUR63.78

FITZROY detailed results put the bar high

Fair Value EUR64 (0%)

BUY

Bloomberg	GLPG.BB
Reuters	GLPG.BR
12-month High / Low (EUR)	63.8 / 32.7
Market Cap (EURm)	2,945
Avg. 6m daily volume (000)	233.0

	1 M	3 M	6 M	31/12/15
Absolute perf.	31.5%	34.9%	66.8%	12.4%
Healthcare	0.2%	1.7%	5.9%	-6.9%
DJ Stoxx 600	0.5%	-0.3%	1.5%	-5.6%

	2014	2015e	2016e	2017e
P/E	NS	NS	NS	NS
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- Galapagos has released detailed FITZROY phase II results (filgotinib in Crohn's disease). At week 10, 25% of patients achieved at least a 50% improvement in Simple Endoscopic Score for Crohn's disease (SES-CD). This compares with 13.6% for the placebo arm. These results and the timing of the release should not be overlooked.
- More physicians are considering the SES-CD score, which helps to assess mucosal healing. While the study was not powered to show statistical significance on this endpoint, we are pleased with the results as Galapagos put the bar at 50% improvement. Indeed, several companies such as Celgene set a lower threshold i.e. a 25% improvement in SES-CD score. Moreover, note that the FITZROY population was a hard one to treat with 60% of patients recruited non-responders to anti-TNF.
- Galapagos' results might put pressure on CELGENE, which stated earlier this month that only a proportion of patients had an endoscopic improvement. No data enables us to compare the two compounds on this criteria so far. However, we would note that the CELGENE trial has a 25% threshold and that 64 patients enrolled might be short to show a meaningful clinical improvement.

VALUATION

- We reiterate our BUY rating

NEXT CATALYSTS

- Today 2.00pmCET: conference call on detailed results (US +1 719 457 2086, UK +44 330 336 9411, FR +331 76 77 22 57; access code 8889838).

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Hugo Solvet, hsolvet@bryangarnier.com



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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

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BRYAN, GARNIER & CO

London	Paris	New York	Munich	New Delhi
Beaufort House 15 St. Botolph Street London EC3A 7BB Tel: +44 (0) 207 332 2500 Fax: +44 (0) 207 332 2559 Authorised and regulated by the Financial Conduct Authority (FCA)	26 Avenue des Champs Elysées 75008 Paris Tel: +33 (0) 1 56 68 75 00 Fax: +33 (0) 1 56 68 75 01 Regulated by the Financial Conduct Authority (FCA) and the Autorité de Contrôle prudentiel et de résolution (ACPR)	750 Lexington Avenue New York, NY 10022 Tel: +1 (0) 212 337 7000 Fax: +1 (0) 212 337 7002 FINRA and SIPC member	Widenmayerstrasse 29 80538 Munich Germany +49 89 2422 62 11	The Imperial Hotel Janpath New Delhi 110 001 Tel +91 11 4132 6062 +91 98 1111 5119 Fax +91 11 2621 9062 Geneva rue de Grenus 7 CP 2113 Genève 1, CH 1211 Tel +4122 731 3263 Fax+4122731 3243 Regulated by the FINMA

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