

19th October 2016

Healthcare

Galapagos

Price EUR60.69

Detailed GED-0301 results... filgotinib appears better in a more difficult to treat population

Fair Value EUR64 (+5%)

BUY

Bloomberg	GLPG.BB
Reuters	GLPG.BR
12-month High / Low (EUR)	63.8 / 32.7
Market Cap (EURm)	2,802
Avg. 6m daily volume (000)	256.8

ANALYSIS

- Celgene presented yesterday at the United European Gastroenterology Week detailed Phase Ib results for GED-0301 in Crohn's disease. Population details at baseline and subgroup analysis reinforces our sentiment that Galapagos/Gilead's filgotinib has a better efficacy profile in a more difficult to treat patients population. Acknowledging that it is always difficult to compare two different studies in which compounds have not been evaluated head-to-head, we can nonetheless make a few comments.
- Results from the two trials are similar when it comes to clinical response (CDAI decrease ≥ 100) and remission (CDAI < 100) rates (see below). Regarding the SES-CD score (endoscopic score) which is increasingly considered by physicians, Galapagos' filgotinib has significantly higher results. 25% of patients showed an improvement by at least 50% after 10weeks on filgotinib while 15% showed the same magnitude of improvement when treated with Celgene's GED-0301.

	1 M	3 M	6 M	31/12/15
Absolute perf.	12.6%	26.0%	53.5%	6.9%
Healthcare	-2.8%	-6.6%	-2.7%	-10.5%
DJ Stoxx 600	1.4%	1.1%	-0.5%	-6.4%

	2014	2015e	2016e	2017e
P/E	NS	NS	NS	96.8x
Div yield (%)	NM	NM	NM	NM

	GED-0301	filgotinib
Timeframe	12w	10w
dose	160mg/QD	200mg
<i>All evaluable patient (n=)</i>	63	130
clinical response (CDAI decrease ≥ 100)	67%	59%
clinical remission (CDAI < 100)	48%	47%
<i>All evaluable patient (n=)</i>	52	68
SES-CD reduction ($\geq 50\%$)	15%	25%

Source : Celgene, Galapagos.

- Looking at patients population at baseline, the one included in the filgotinib trial was a harder to treat one in our view i.e. 56% of anti-TNF failure vs 46% for GED-0301, 48% on concomitant corticosteroid for vs. 25% for GED-0301 as well as a mean SES-CD score of 14.2% (active group) vs. 11.2 for GED-0301. This 1/ somewhat nuanced the slightly lower clinical response rate (CDAI decrease ≥ 100) of 59% reported by filgotinib added to the fact that the CDAI is based on more subjective criteria compared to the SES-CD score where the compound appears superior to GED-0301 and 2/ confirm previously communicated data from the Fitzroy trial of a 61% clinical remission rate at 10w in anti-TNF naives.

VALUATION

- We reiterate our BUY rating

NEXT CATALYSTS

- Oct. 27th: Q3 results

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