

Galapagos

Price EUR58.40

En route for the triple combo in 2017

Fair Value EUR64 (+10%)

BUY

Bloomberg	GLPG.BB
Reuters	GLPG.BR
12-month High / Low (EUR)	63.8 / 32.7
Market Cap (EURm)	2,701
Avg. 6m daily volume (000)	282.8

	1 M	3 M	6 M	31/12/15
Absolute perf.	3.5%	-3.0%	24.3%	2.9%
Healthcare	3.1%	-4.4%	-0.7%	-10.8%
DJ Stoxx 600	6.5%	6.0%	7.0%	-1.2%

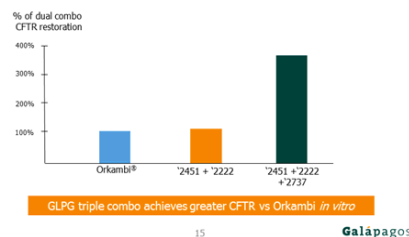
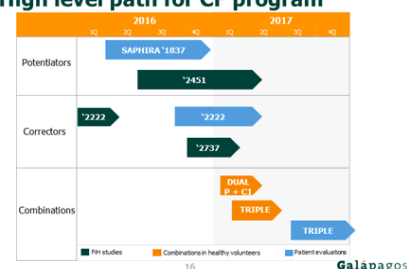
	2014	2015e	2016e	2017e
P/E	NS	NS	NS	93.2x
Div yield (%)	NM	NM	NM	NM

ANALYSIS

- Galapagos announced positive topline results from the SAPHIRA1 trial assessing the efficacy of GLPG1837 in 26 cystic fibrosis patients harbouring the G551D mutation. This mutation represents less than 5% of all CF cases. 25 patients whom were stable on Kalydeco prior to inclusion had a mean percent predicted FEV1 of 74%. After a 7 ways washout during which mean ppFEV1 levels decreased by 5.4%, 1 month of GLPG1837 enable all patients to return to baseline levels (7 days at 125mg BID, 7 days at 250mg BID and 14 days at 500mg BID). Moreover sweat chloride concentration decreased in a dose dependant manner was statistically significant (to levels around 60mmol/L that could make CF hard to diagnose after sweat chloride test). On the safety side, most of the events where moderate to mild. One drop-out was due to an increase in non-cardiac creative phosphokinase, not observed in previous trial nor in preclinical data (possibly drug-drug interaction?).
- We are pleased with the results that put GLPG's first potentiator at least at par with Kalydeco. As a reminder, increased efficacy for the triple combo is expected to be mainly streamed from the synergistic effect of the correctors used by GLPG/ABBV and already in the clinic. It is not clear at this stage whether GLPG1837 or GLPG2451 (currently in phase I trial) will be used for the triple combo as GLPG management presented in its last call exciting data from the triple combo including GLPG2451 as a corrector. GLPG2451 being administrated QD, it would also provide an edge to Vertex' molecules dosed BID.

Dual and triple combinations

F508del/F508del primary cells

**High level path for CF program****VALUATION**

- We reiterate our BUY rating and EUR64 fair value

NEXT CATALYSTS

- Today 3:00pmCET/9:00amET: conference call on SAPHIRA 1 results (UK +44 330 336 9105, FR +32 2 404 0659, US +1 719 325 4746; access code 6588087).

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

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