

Income Statement

Galapagos, Inc. Income Statement		Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E			
EUR € mm		2016E	1Q17E	2Q17E	3Q17E	4Q17E	2017E	1Q18E	2Q18E	3Q18E	4Q18E	2018E	1Q19E	2Q19E	3Q19E	4Q19E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E
Total Revenue		151.61	39.86	43.74	45.63	47.61	176.84	41.38	43.15	45.01	46.96	176.50	43.15	45.01	46.96	102.58	237.70	223.16	459.68	801.11	1152.46	1622.17	2133.96	2393.92
Product Revenues		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	53.57	53.57	42.23	270.90	616.46	959.78	1434.67	1952.59	2219.71
Reimbursement Revenues		129.52	33.99	37.74	39.63	41.61	152.97	35.38	37.15	39.01	40.96	152.50	37.15	39.01	40.96	43.01	160.13	156.93	164.77	160.65	168.68	163.49	157.36	150.21
Other Income		22.09	5.87	6.00	6.00	6.00	23.87	6.00	6.00	6.00	6.00	24.00	6.00	6.00	6.00	6.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00
Cost of Goods Sold		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2.68	-2.68	-2.11	-13.55	-30.82	-47.99	-71.73	-97.63	-110.99
Gross Profit		151.61	39.86	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.89	50.89	40.12	257.36	585.64	911.79	1362.94	1854.96	2108.73	
Gross Margin %							95%	95%	95%	95%	#DIV/0!	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Operating Expenses		-163.1	-51.089	-54.32	-56.50	-59.56	-221.47	-54.48	-57.84	-60.13	-63.32	-235.76	-57.98	-61.47	-63.88	-67.22	-250.55	-265.86	-281.73	-298.16	-315.21	-332.89	-351.23	-370.28
Research and Development		-139.57	-44.930	-47.18	-49.54	-52.01	-193.65	-47.18	-49.54	-52.01	-54.61	-203.34	-49.54	-52.01	-54.61	-57.34	-213.50	-224.18	-235.39	-247.16	-259.51	-272.49	-286.12	-300.42
Research and Development % of Sales		138%	113%	108%	109%	109%	110%	114%	115%	116%	116%	115%	115%	116%	116%	110%	100%	51%	31%	23%	17%	13%	13%	13%
General and administrative expenses		-21.74	-5.603	-6.15	-5.97	-6.54	-24.26	-5.74	-6.30	-6.12	-6.71	-24.87	-5.89	-6.46	-6.27	-6.88	-25.49	-26.13	-26.78	-27.45	-28.14	-28.84	-29.56	-30.30
G & A % of Sales		22%	14%	14%	13%	14%	14%	14%	15%	14%	14%	14%	14%	14%	13%	7%	12%	12%	6%	3%	2%	2%	1%	1%
Sales and marketing expenses		-1.79	-0.556	-1.00	-1.00	-1.00	-3.56	-1.56	-2.00	-2.00	-2.00	-7.56	-2.56	-3.00	-3.00	-3.00	-11.56	-15.56	-19.56	-23.56	-27.56	-31.56	-35.56	-39.56
Sales and marketing % of Sales		2%	1%	2%	2%	2%	2%	4%	5%	4%	4%	4%	6%	7%	6%	3%	5%	7%	4%	3%	2%	2%	2%	2%
Operating Profit		-11	-11	-54	-57	-60	-182	-54	-58	-60	-63	-236	-58	-61	-64	-16	-200	-226	-24	287	597	1030	1504	1738
Operating Profit Margin %		-8%	-28%	-124%	-124%	-125%	-103%	-132%	-134%	-134%	-135%	-134%	-134%	-137%	-136%	-16%	-84%	-101%	-5%	36%	52%	63%	70%	73%
Fair value re-measurement of Share Sub Agreement		57.48	0.00																					
Other financial income		9.95	0.89																					
Other financial expenses		-1.69	-3.27			-3.27						0.00					0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pretax Income		54.25	-13.61	-54.32	-56.50	-59.56	-183.99	-54.48	-57.84	-60.13	-63.32	-235.76	-57.98	-61.47	-63.88	-16.33	-199.66	-225.74	-24.37	287.47	596.58	1030.05	1503.73	1738.45
Income Tax Provision		-0.24	0.00																					
Tax Rate		0.01	0.0%																					
Net Income		54.01	-13.606	-54.32	-56.50	-59.56	-183.99	-54.48	-57.84	-60.13	-63.32	-235.76	-57.98	-61.47	-63.88	-16.33	-199.66	-225.74	-24.37	287.47	596.58	1030.05	1503.73	1738.45
Basic Shares Outstanding		45.06	46.26	48.33	48.33	48.33	47.81	49.48	49.48	49.48	49.48	49.48	50.59	50.59	50.59	50.59	50.59	50.59	50.59	50.59	50.59	50.59	50.59	50.59
Diluted Shares Outstanding		46.43	48.33	48.33	48.33	48.33	48.33	49.48	49.48	49.48	49.48	49.48	50.59	50.59	50.59	50.59	50.59	50.59	50.59	50.59	50.59	50.59	50.59	50.59
Basic EPS			-0.29	-1.12	-1.17	-1.23	-3.85	-1.10	-1.17	-1.22	-1.28	-4.76	-1.15	-1.22	-1.26	-0.32	-3.95	-4.46	-0.48	5.68	11.79	20.36	29.73	34.36
Diluted EPS			-0.28	-1.12	-1.17	-1.23	-3.81	-1.10	-1.17	-1.22	-1.28	-4.76	-1.15	-1.22	-1.26	-0.32	-3.95	-4.46	-0.48	5.68	11.79	20.36	29.73	34.36
Diluted EPS Growth % YoY																								
Non-GAAP Adjustments																								
GAAP EPS																								
Share Price			\$83.46	\$84.29	\$85.14	\$85.99	\$85.99	\$86.85	\$87.72	\$88.59	\$89.48	\$89.48	\$90.38	\$91.28	\$92.19	\$93.11	\$93.11	\$96.89	\$100.83	\$104.92	\$109.18	\$113.62	\$118.23	\$123.03

Source: Company Reports, Bloomberg, BTIG Research Estimates, June 2017

BTIG Covered Companies Mentioned in this Report

GALAPAGOS N.V. (GLPG, Buy, \$98.00 PT; Current Price: \$78.86; Analyst: Dane Leone)

CELGENE CORPORATION (CELG, Buy, \$138.00 PT; Current Price: \$122.36; Analyst: Dane Leone)

Appendix: Analyst Certification and Other Important Disclosures

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Company Valuation and Risk Disclosures

Galapagos N.V. (GLPG, Buy, \$98.00 PT)

Valuation: Our \$98PT values GLPG at ~4.5x EV/ 2022E Sales.

Risks: Our Buy rating and \$98 price target may prove inaccurate due to a number of risks related to Galapagos (GLPG) being an unprofitable early stage company with limited clinical data across the Cystic Fibrosis, Rheumatoid Arthritis, and Inflammatory Bowel Disease Portfolios.

Celgene Corporation (CELG, Buy, \$138.00 PT)

Valuation: Our new \$138PT values the company at ~5.5x EV/ to our 2020E Sales forecast, near the high-end of its peer group.

Risks: The key risk to our thesis would be key Revlimid patents not holding through 2024 and product launches over the next 5 years not performing as expected.

Celgene Corporation (CELG)



Note: Closing Price and Target Price have been adjusted for corporate actions.

Date	Closing Price (\$)	Target Price (\$)	Analyst	Rating
07-Jan-16	108.98	140	Hartaj Singh	Buy
01-Jun-16	108.24	N/A	Dane Leone	Neutral
03-Aug-16	116.27	138	Dane Leone	Buy

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