

Galapagos

Recalibrating to the new reality

We update our model to incorporate the updated agreement for filgotinib between Gilead (covered by Carter Gould) and Galapagos (see: *Filgotinib stays on the FDA's naughty list (16/12/20)*), with the concession that whilst the developments in the US regarding filgotinib are indeed very unfortunate, we've now updated our model to reflect the likely niche/regional nature of the product from a revenue perspective and also updated our P&L forecasts to reflect GLPG taking over commercial activities for the product in Europe. Whilst the discontinuation of the pursuance of the RA indication in the US was not completely unexpected, given recent commentary from GILD, the indication that longer data from MANTA/MANTA-RAy may be needed (in spite of management's assurance that this was not based on any new signal from the studies, which remain blinded), we think drove the decline in GLPG shares to trade briefly below net cash/share over the holiday period. **Whilst GLPG remains optimistic about the commercial potential for filgotinib in Europe, we expect that shares will likely remain somewhat range-bound until we get the update from the futility analysis of the ongoing ISABELA trials of ziritaxestat in IPF, which should likely come sometime around mid-year. After recalibrating our model to reflect the filgotinib updates, we reduce our PT to €85.50/sh and maintain our EW rating.**

Model changes: We've taken US RA filgo revenues out of our model and also pushed out UC in the US given the potential need for longer data from the MANTA studies. We'd already reduced our POS in IBD to 50%, which we are maintaining. We are also maintaining our 40% POS for ziritaxestat, which now has a greater NPV in our model than filgotinib. After having made these changes (including restructuring the P&L for the transfer of filgotinib EU commercial activities from a split to solely GLPG), and also increasing our WACC 11.5% from 98% (given the increasingly binary nature of the ziritaxestat readout), this reduces our NPV/share to €85.48 and as such we are reducing our PT to €85.50.

Valuation & Catalysts: Our €85.50/sh PT is based on our NPV analysis, which uses a 0% terminal growth rate and 11.5% WACC. **Catalysts:** MANTA/MANTARay 26 week data (1H21), ISABELA futility (1H21), Toledo POCs in Pso/RA/UC (2021).

GLPG.AS: Financial and Valuation Metrics EPS EUR

| FY Dec | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------|--------|-------|--------|--------|--------|
| EPS | -0.56A | 2.49A | -4.65E | -4.21E | -4.69E |
| Previous EPS | -0.56A | 2.49A | -4.49E | -5.42E | -1.93E |
| Consensus EPS | -0.56A | 2.49A | -3.88E | -4.52E | -3.35E |
| P/E | N/A | 33.1 | N/A | N/A | N/A |

Source: Barclays Research.

Consensus numbers are from Bloomberg received on 15-Jan-2021; 13:50 GMT

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Stock Rating **EQUAL WEIGHT**
Unchanged

Industry View **POSITIVE**
Unchanged

Price Target **EUR 85.50**
lowered -32% from EUR 125.00

Price (15-Jan-2021) EUR 82.42
Potential +3.7%
Upside/Downside
Tickers GLPG NA / GLPG.AS

Market Cap (EUR mn) 5391
Shares Outstanding (mn) 65.41
Free Float (%) 64.41
52 Wk Avg Daily Volume (mn) 0.5
Dividend Yield (%) N/A
Return on Equity TTM (%) -13.84
Current BVPS (EUR) 41.51
Source: Bloomberg

Price Performance Exchange-AEX
52 Week range EUR 252.90-74.98



Source: IDC; Link to Barclays Live for interactive charting

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Galapagos (GLPG.AS)

Stock Rating: EQUAL WEIGHT

| Income statement (€mn) | 2019A | 2020E | 2021E | 2022E | CAGR |
|------------------------|-------|-------|-------|-------|-------|
| Revenue | 896 | 581 | 651 | 767 | -5.0% |
| Gross profit | 896 | 581 | 651 | 748 | -5.9% |
| EBITDA (adj) | 383 | -141 | -222 | -278 | N/A |
| EBIT (adj) | 370 | -161 | -241 | -301 | N/A |
| Pre-tax income (adj) | 150 | -302 | -278 | -328 | N/A |
| Net income (adj) | 150 | -303 | -278 | -312 | N/A |
| EPS (adj) (€) | 2.49 | -4.65 | -4.21 | -4.69 | N/A |
| Diluted shares (mn) | 60.2 | 65.2 | 65.8 | 66.4 | 3.4% |
| DPS (€) | 0.00 | 0.00 | 0.00 | 0.00 | N/A |

Price (15-Jan-2021) **EUR 82.42**
 Price Target **EUR 85.50**

Why Equal Weight? Whilst data from clinical studies would indicate that filgotinib is the most efficacious and cleanest JAK from a safety profile perspective, the CRL from the FDA calls into question whether the 200mg dose is approvable which would significantly blunt the commercial opportunity for filgotinib.

Upside case **EUR 110.00**

Should the MANTA safety study read out positively, it would likely mean filgotinib would be the best-in-class JAK and we would increase our peak share assumptions. Success in the phase 3 trials for IPF asset GLPG 1690 would also result in us raising our NPV.

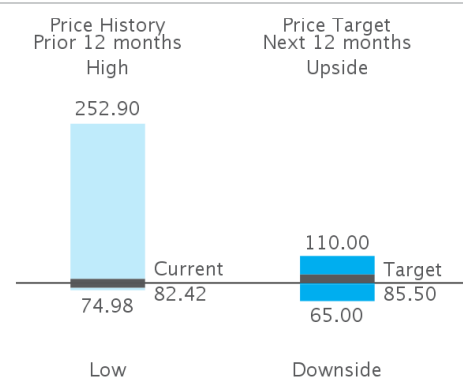
Downside case **EUR 65.00**

Any safety signals for filgotinib in MANTA or failure of the asset in the IBD ph. 3 trials. Inability of GLPG 1690 to show disease modification in IPF would also lower our peak sales estimates.

| Margin and return data | Average | | | | |
|--------------------------|---------|-------|-------|-------|-------|
| Gross margin (%) | 100.0 | 100.0 | 100.0 | 97.5 | 99.4 |
| EBIT (adj) margin (%) | 41.3 | -27.7 | -37.1 | -39.2 | -15.6 |
| Pre-tax (adj) margin (%) | 16.7 | -52.0 | -42.6 | -42.8 | -30.2 |
| Net (adj) margin (%) | 16.7 | -52.2 | -42.6 | -40.7 | -29.7 |
| ROCE (%) | 30.3 | -2.9 | -4.8 | -6.2 | 4.1 |
| ROE (%) | 12.3 | -10.5 | -10.6 | -14.4 | -5.8 |

| Cash flow and balance sheet (€mn) | CAGR | | | | |
|-----------------------------------|--------|--------|--------|--------|--------|
| Change in working capital | 2,817 | -323 | -127 | -205 | N/A |
| Cash flow from operations | 3,209 | -466 | -385 | -494 | N/A |
| Capital expenditure | -22 | -37 | -34 | -41 | N/A |
| Free cash flow | 3,186 | -502 | -420 | -534 | N/A |
| Tangible fixed assets | 66 | 106 | 140 | 181 | 40.0% |
| Intangible fixed assets | 25 | 41 | 41 | 41 | 18.2% |
| Cash and equivalents | 5,781 | 5,222 | 4,802 | 4,268 | -9.6% |
| Total assets | 6,069 | 5,636 | 5,231 | 4,720 | -8.0% |
| Short and long-term debt | 6 | 14 | 14 | 14 | 32.1% |
| Other long-term liabilities | 7 | 10 | 10 | 10 | 11.0% |
| Total liabilities | 3,193 | 3,026 | 3,063 | 3,026 | -1.8% |
| Total invested capital | 1,020 | 624 | 601 | 662 | -13.4% |
| Net debt/(funds) | -5,775 | -5,208 | -4,788 | -4,254 | N/A |
| Provisions | 0 | 0 | 0 | 0 | N/A |
| Minorities | N/A | N/A | N/A | N/A | N/A |
| Shareholders' equity | 2,876 | 2,610 | 2,168 | 1,695 | -16.2% |

Upside/Downside scenarios



| Valuation and leverage metrics | Average | | | | |
|--------------------------------|---------|--------|--------|--------|--------|
| P/E (adj) (x) | 33.1 | N/A | N/A | N/A | 33.1 |
| EV/sales (x) | -0.4 | 0.3 | 0.9 | 1.5 | 0.6 |
| EV/EBITDA (adj) (x) | -1.0 | -1.4 | -2.8 | -4.1 | -2.3 |
| Equity FCF yield (%) | 64.2 | -9.3 | -7.7 | -9.8 | 9.4 |
| P/FCF (x) | 1.6 | -10.7 | -12.9 | -10.2 | -8.1 |
| P/BV (x) | 1.7 | 2.1 | 2.5 | 3.2 | 2.4 |
| Dividend yield (%) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total debt/capital (%) | 0.1 | 0.3 | 0.3 | 0.3 | 0.3 |
| Net debt/equity (%) | -200.8 | -199.5 | -220.9 | -251.0 | -218.0 |

| Selected operating metrics | Average | | | | |
|----------------------------|---------|------|-------|-------|------|
| SG&A/sales (%) | 11.0 | 32.6 | 35.9 | 36.5 | 29.0 |
| R&D/sales (%) | 47.7 | 95.2 | 102.0 | 103.8 | 87.2 |
| R&D growth (%) | 32.3 | 29.4 | 20.0 | 20.0 | 25.4 |
| SG&A growth (%) | 147.1 | 92.6 | 23.4 | 20.0 | 70.8 |

Source: Company data, Bloomberg, Barclays Research

Note: FY End Dec

JP Morgan analyst call

Management remarks

- **JAK1 inhibitor, Jyseleca on the market** in Europe and Japan. New agreement with GILD in EU transfers full European rights to GLPG at end of this year. European P&L share (50% cost share) continues until end of '21. Once profitable in '24, GLPG will pay GILD royalty of 8-15% with no EU milestones. GILD to pay €160m for development work from RA studies. GILD will retain ex-EU and royalties are unchanged at 20-30%. Broader R&D collaboration is unchanged.
- **Jyseleca peak sales guidance of €0.5bn**, which assumes 8-12% market share. EU5 inflammation market is estimated at €5.7bn (RA: €3.2bn, UC: €0.8bn, CD: €1.7bn). Patent exclusivity until 2035. Jyseleca in RA is differentiated by its fast onset of action, ability to use as monotherapy, lasting activity, and safety profile.

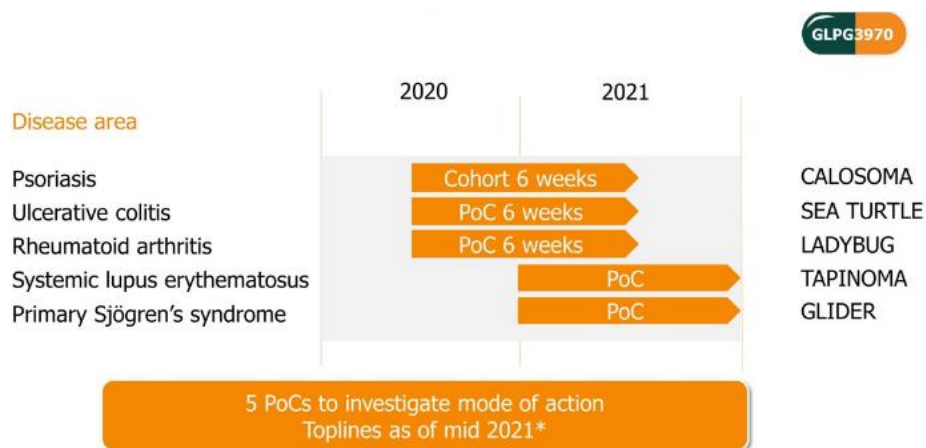
FIGURE 1
Jyseleca in Europe



Source: Barclays Research, company presentation

- **'3667 TYK2 added to portfolio.** Reversible kinase domain inhibitor that has shown PK profile that allows for once daily dosing and good PD activity in P. Currently being evaluated in PsA.
- **P3 ISABELA 1&2 studies have** currently recruited 1300 patients to date (target for both trials is 1500 pts). Expect recruitment to complete in summer with data in 2022. Also expect outcome of futility analysis in summer.
- **Toledo programme: novel SIK target** with dual action on inflammation; suppressing pro-inflammatory and stimulating immunoregulatory cytokines. See Toledo R&D note for further detail (see link: *Galapagos: Toledo to take the salt out of the filgo wound?* (27/10/20)). Five PoC studies currently ongoing investigating '3970 with topline data expected in the middle of 2021 (see below).

FIGURE 2
Parallel PoC studies



Source: Barclays Research; company presentation

- **Gild-GLPG R&D collaboration** (10 years) provides access to compounds, assays, libraries, technical capabilities and expertise. GILD has option opportunity after P2B. \$3.95bn upfront plus opt-in fees & milestones, \$1.5bn equity investment (25.5% share), and 20+ % royalties US/RoW, while GILD retains full European rights.
- **2021 cash burn** to increase by around €50m due to SG&A launch costs related to Jyseleca launch. Reminder that 2020 guidance for R&D spend was €520m and expect this to remain flat for 2021.
- **2021 newsflow:** Re filgo: Filing UC in Japan, MANTA/RA-y outcome, CHMP opinion UC EU, approval decision UC EU, DIVERSITY recruited CD. Other programs: ISABELA futility IPF ziritaxestat, Toledo PoC read-outs in Pso/RA/UC. '3667 read-out (TYK2) Ph1b Pso, and Read-out of '555 (JAK1) Ph1b OA.

Q&A

- **Jyseleca opportunity in IBD:** uncertain in IBD, especially in UC given FDA requirement to have 52 week follow-up based on MANTA/RA-y, which would delay filing though this is less of an issue in CD which is yet to read-out.
- **Key Toledo read-outs:** '3970 PoC studies reading out topline data in psoriasis, UC, and RA mid-2021. SLE and Primary Sjogren's syndrome are 12-week studies and will see if showing directionality on efficacy. Study outcomes will determine which indications should be pursued. Do not believe that 6 weeks of data is sufficient to estimate full therapeutic potential. Running trials in 5 PoC trials, but not expecting a strong response across all five indications.
- **'3970 preclinical toxicity:** Less immunosuppressive vs. JAK inhibitors, so will be better tolerated.
- **'3667/TYK2 differentiation:** Strong PD effects noted in phase 1 especially on interferons and IL-6. It's an ATP competitive inhibitor, which is selective for TYK2 and doesn't hit JAK1. Low dose achieved full efficacy on interferon blockage in P1.
- **GILD opt-in rights:** GILD have opt-in rights on all molecules that reach end of P2b including '3667. The asset was discovered and developed in-house at GLPG.

- **Jyseleca initial launch feedback:** Approval was granted end of September. Positive signal seen in Germany with good physician feedback and initial uptake in line with expectations. Pleased with depth and breadth of prescriptions.
- **Olumiant as proxy to Jyseleca launch trajectory:** Olumiant had very strong launch (one of best in RA in past 5/6 years) which is evidence of the need for JAKs. Competitive field and pricing has changed since Olumiant launch but GLPG has been looking at both Xeljanz/Olumiant launch trajectories, but is confident in Jyseleca profile.
- **TYK2 selectivity vs. JAK1:** ATP competitive inhibitor with TYK2 selectivity that is 20-fold greater than JAK1-inhibitor. Achieve full inhibition of interferons at a low dose and does not hit JAK1.
- **ISABELA update and interim:** ISABELA 2 has finished recruiting ahead of ISABELA 1 with the latter trial still needing to recruit 200 subjects- anticipated to complete by summer with results expected '22. Interim read-out is driven by both trials (waiting on ISABELA 1). Aim was to get approximately 30% of patients in trial to cross 52-week line in order to model patients at earlier stages of the study to determine change after 1 year. The totality of 70% would then enable a call to be made on whether ziri would be superior to PBO on primary endpoint.
- **'555 economics:** partnership with GSK was terminated, so now fully owned by GLPG.
- **NOVESA primary endpoint:** SSc suffers from endpoint and patient selection. Pleased that NOVESA trial investigating zirtaxestat was able to show a statistically significant change from baseline in mRSS given it was a small trial. Confident that '1690 is active in demonstrating anti-fibrotic activity in another indication. Once ISABELA results are made available, the plan would be to broaden indication to include PF-ILD and systemic sclerosis linked ILD, which is 60-65% of all SSc patients.
- **MANTA study primary endpoint:** Don't think outcome from 52 week will be of any value after what was seen in double blind clinical trial. Study was designed purely in collaboration with the FDA. Looking at sperm levels is problematic from a technique and analysis perspective given how count is highly variable in healthy individuals. As such, it is unknown how this will play out in patients with chronic inflammatory conditions on background therapies. Think this will be the most informative database on sperm health in IBD and rheumatology and study has enough patients to show if filgo has effect or not on sperm health.

FORECASTS & CHANGES

Forecasts & changes

FIGURE 3
Galapagos – forecasts & changes

| EURm | 2020E | 2021E | 2022E | 2023E | 2024E |
|---------------------|-------------|------------|--------------|--------------|--------------|
| Sales OLD | 556 | 617 | 926 | 989 | 1,174 |
| Sales NEW | 581 | 651 | 767 | 799 | 1,034 |
| CHANGE | 4% | 5% | -17% | -19% | -12% |
| OLD sales growth | -38% | 11% | 50% | 7% | 19% |
| NEW sales growth | -35% | 12% | 18% | 4% | 29% |
| Recurring EBIT OLD | (209) | (277) | (99) | (72) | 54 |
| Recurring EBIT NEW | (161) | (241) | (301) | (369) | (269) |
| CHANGE | 23% | 13% | -202% | -411% | -598% |
| OLD growth | -156% | -33% | 64% | 27% | 175% |
| NEW growth | -143% | -50% | -24% | -23% | 27% |
| OLD margin | -37.5% | -44.8% | -10.7% | -7.3% | 4.6% |
| NEW margin | -27.7% | -37.1% | -39.2% | -46.2% | -26.0% |
| Adj EPS OLD | (4.49) | (5.42) | (1.93) | (0.85) | 1.35 |
| Adj EPS NEW | (4.65) | (4.21) | (4.69) | (5.09) | (3.04) |
| CHANGE | -4% | 22% | -143% | -495% | -324% |
| OLD EPS growth | -280% | -21% | 64% | 56% | 258% |
| NEW EPS growth | -287% | 9% | -11% | -8% | 40% |
| FCF OLD | (611) | (473) | (308) | (235) | (91) |
| FCF NEW | (502) | (420) | (534) | (550) | (397) |
| CHANGE | 18% | 11% | -73% | -134% | -335% |
| Net (debt)/cash OLD | 5,147 | 4,674 | 4,366 | 4,131 | 4,040 |
| Net (debt)/cash NEW | 5,208 | 4,788 | 4,254 | 3,704 | 3,307 |
| CHANGE | 1% | 2% | -3% | -10% | -18% |
| NPV old | 127.29 | | | | |
| NPV new | 85.48 | | | | |
| CHANGE | -33% | | | | |
| PT old | 125.00 | | | | |
| PT new | 85.50 | | | | |
| CHANGE | -32% | | | | |

Source: Barclays Research Estimates

NPV output

FIGURE 4
Galapagos – Barclays NPV output

| NPV Summary (EUR) | | | |
|-------------------------------------|-------------|------------------|--------------|
| | Risk Weight | PV/ share EUR | PV bn EUR |
| Disclosed assets | | - | - |
| filgotinib - RA | 0% | 13.52 | 0.89 |
| filgotinib - CD | 50% | 5.95 | 0.39 |
| filgotinib - UC | 50% | 3.03 | 0.20 |
| GLPG 1690 | 40% | 28.30 | 1.86 |
| GLPG 1972 | 0% | - | - |
| Pipeline | | 50.80 | 3.33 |
| Other & R&D terminal | | 56.06 | 3.67 |
| Total portfolio | | 106.87 | 7.00 |
| Restructuring (net) | | - | - |
| R&D (net) | | (95.74) | (6.27) |
| Capex | | (5.10) | (0.33) |
| EV (Healthcare) | | 6.03 | 0.39 |
| Associates & Investments | | | |
| Net cash position | | 79.46 | 5.21 |
| Pensions | | - | - |
| Minorities | | - | - |
| Debt and other | | 79.46 | 5.21 |
| Group MV | | 85.48 | 5.60 |

WACC: 11.5%

Source: Barclays Research Estimates

BARCLAYS VS. CONSENSUS

Barclays vs. consensus

FIGURE 5

Barclays vs. consensus

| 13/01/2021 | 2020E | 2021E | 2022E | 2023E | 2024E | 2025E |
|--------------------|-------------|------------|-------------|--------------|-------------|---------------|
| Revenue CONS | 537 | 570 | 634 | 717 | 782 | 931 |
| Revenue BARC | 581 | 651 | 767 | 799 | 1,034 | 1,037 |
| VAR | 8% | 14% | 21% | 11% | 32% | 11% |
| EBIT CONS | (212) | (333) | (280) | (261) | (207) | (26) |
| EBIT BARC | (161) | (241) | (301) | (369) | (269) | (308) |
| VAR | 24% | 27% | -7% | -42% | -30% | -1067% |
| EBIT Margin CONS | -39.5% | -58.4% | -44.2% | -36.3% | -26.5% | -2.8% |
| EBIT Margin BARC | -27.7% | -37.1% | -39.2% | -46.2% | -26.0% | -29.7% |
| VAR | | | | | | |
| EBITDA CONS | (185) | (243) | (307) | (110) | (204) | 428 |
| EBITDA BARC | (141) | (222) | (278) | (346) | (239) | (277) |
| VAR | 24% | 8% | 10% | -213% | -17% | -165% |
| EBITDA Margin CONS | -34.5% | -42.5% | -48.5% | -15.4% | -26.0% | 46.0% |
| EBITDA Margin BARC | -24.3% | -34.2% | -36.2% | -43.3% | -23.1% | -26.8% |
| VAR | | | | | | |
| Net Profit CONS | (267) | (328) | (295) | (261) | (221) | (50) |
| Net Profit BARC | (303) | (278) | (312) | (341) | (206) | (215) |
| VAR | -14% | 15% | -6% | -31% | 7% | -327% |
| Core EPS CONS | (4.03) | (4.52) | (3.73) | (4.43) | (3.15) | (0.53) |
| Core EPS BARC | (4.65) | (4.21) | (4.69) | (5.09) | (3.04) | (3.15) |
| VAR | -15% | 7% | -26% | -15% | 3% | -497% |

Source: Bloomberg consensus (pre reporting), Barclays Research estimates

DETAILED FORECASTS

Revenue model

FIGURE 6

Revenue model

| Revenues | 2018 | 2019 | 2020E | 2021E | 2022E | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|
| filgotinib - sales booked by GLPG | 0.0 | 0.0 | 6.1 | 38.5 | 81.3 | 174.1 | 288.4 | 402.3 | 479.7 | 490.7 | 492.0 | 508.8 | 525.5 |
| filgotinib - royalties from GILD | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 4.7 | -11.3 | 1.4 | 19.9 | 22.2 | 14.6 | 13.1 | 11.6 |
| filgotinib - milestones | 0.0 | 0.0 | 41.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total filgotinib | 0.0 | 0.0 | 47.5 | 38.5 | 81.6 | 178.8 | 277.2 | 403.7 | 499.6 | 512.9 | 506.5 | 521.9 | 537.1 |
| GLPG 1690 US | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 79.1 | 176.0 | 244.7 | 381.0 | 484.4 | 606.2 | 749.3 | 1,041.9 |
| GLPG 1690 ex US | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 32.1 | 68.6 | 91.6 | 137.2 | 167.6 | 201.6 | 239.5 | 320.1 |
| GLPG 1690 - milestones | | | | | 130.0 | | | | | | | | |
| Total GLPG 1690 | 0.0 | 0.0 | 0.0 | 0.0 | 130.0 | 111.1 | 244.5 | 336.3 | 518.2 | 652.0 | 807.8 | 988.8 | 1,361.9 |
| GLPG 1972 - US/int'l royalty | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total GLPG 1972 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| MOR 106 - royalty | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total MOR 106 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Gilead - 1690 upfront | 813.6 | 0.0 | 667.0 | 0.0 | 146.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Gilead - filgo deferred revenues | 641.7 | -91.7 | 146.7 | 146.7 | 146.7 | 146.7 | 146.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Gilead - platform | 2,296.5 | 80.9 | 221.6 | 221.6 | 221.6 | 221.6 | 221.6 | 221.6 | 221.6 | 221.6 | 221.6 | 221.6 | 0.0 |
| Novartis payment | 47.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Third Party Revenues | 241.3 | 188.8 | 106.0 | 72.0 | 72.0 | 72.0 | 72.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Third Party Revenues | 288.8 | 845.0 | 474.2 | 586.9 | 440.2 | 440.2 | 440.2 | 221.6 | 221.6 | 221.6 | 221.6 | 221.6 | 0.0 |
| Total Revenue | 288.8 | 845.0 | 521.7 | 625.4 | 651.8 | 730.2 | 961.9 | 961.6 | 1,239.3 | 1,386.5 | 1,535.9 | 1,732.2 | 1,899.0 |
| growth | 127% | 193% | -38% | 20% | 4% | 12% | 32% | 0% | 29% | 12% | 11% | 13% | 10% |

Source: Company reports, Barclays Research estimates

Income Statement

FIGURE 7
Income statement

| | 2017 | 2018 | 2019 | 2020E | 2021E | 2022E | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E |
|--|----------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| INCOME STATEMENT | | | | | | | | | | | | | | |
| Revenue | 155.9 | 317.8 | 895.9 | 580.9 | 650.9 | 767.0 | 798.7 | 1,033.8 | 1,037.1 | 1,318.6 | 1,469.7 | 1,623.3 | 1,824.0 | 1,995.4 |
| Growth (% yoy) | 2.8% | 103.9% | 181.9% | -35.2% | 12.1% | 17.8% | 4.1% | 29.4% | 0.3% | 27.1% | 11.5% | 10.5% | 12.4% | 9.4% |
| COGS | - | - | - | - | - | (19.5) | (16.7) | (36.7) | (50.4) | (77.7) | (97.8) | (121.2) | (148.3) | (204.3) |
| Gross Profit | 156 | 317.8 | 895.9 | 580.9 | 650.9 | 747.5 | 782.0 | 997.1 | 986.6 | 1,240.9 | 1,371.9 | 1,502.1 | 1,675.7 | 1,791.1 |
| Growth (% yoy) | 2.8% | 103.9% | 181.9% | -35.2% | 12.1% | 14.8% | 4.6% | 27.5% | -1.1% | 25.8% | 10.6% | 9.5% | 11.6% | 6.9% |
| Gross margin (%) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 97.5% | 97.9% | 96.5% | 95.1% | 94.1% | 93.3% | 92.5% | 91.9% | 89.8% |
| SG&A | (27.2) | (39.8) | (98.3) | (189.2) | (233.5) | (280.2) | (336.2) | (403.4) | (423.6) | (444.8) | (467.0) | (490.4) | (514.9) | (540.7) |
| Growth (% yoy) | 15.7% | 46.1% | 147.1% | 92.6% | 23.4% | 20.0% | 20.0% | 20.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| % of sales | 17.5% | 12.5% | 11.0% | 32.6% | 35.9% | 36.5% | 42.1% | 39.0% | 40.8% | 33.7% | 31.8% | 30.2% | 28.2% | 27.1% |
| R&D | (218.5) | (322.9) | (427.3) | (553.0) | (663.6) | (796.4) | (876.0) | (963.6) | (1,011.8) | (1,062.4) | (1,115.5) | (1,171.2) | (1,229.8) | (1,291.3) |
| Growth (% yoy) | 56.6% | 47.8% | 32.3% | 29.4% | 20.0% | 20.0% | 10.0% | 10.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| % of sales | 140.1% | 101.6% | 47.7% | 95.2% | 102.0% | 103.8% | 109.7% | 93.2% | 97.6% | 80.6% | 75.9% | 72.2% | 67.4% | 64.7% |
| Combined SG&A & R&D | (245.7) | (362.7) | (525.6) | (742.3) | (897.1) | (1,076.5) | (1,212.2) | (1,367.0) | (1,435.4) | (1,507.2) | (1,582.5) | (1,661.6) | (1,744.7) | (1,832.0) |
| Growth | 50.65% | 47.59% | 44.93% | 41.22% | 20.86% | 20.00% | 12.60% | 12.77% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| IFRS EBIT | (89.8) | (44.8) | 370.3 | (160.6) | (241.4) | (300.5) | (369.3) | (269.0) | (307.9) | (98.4) | (38.9) | 12.7 | 109.0 | 143.1 |
| Growth (% yoy) | 681.6% | -50.1% | -926.4% | -143.4% | 50.3% | 24.5% | 22.9% | -27.2% | 14.5% | -68.0% | -60.5% | -132.7% | 757.9% | 31.2% |
| Other (income)/deductions--net | (25.7) | 15.6 | (220.2) | (141.5) | (36.1) | (27.7) | (16.4) | (6.2) | 1.0 | 3.6 | 2.1 | 2.0 | 0.7 | 0.0 |
| Growth (% yoy) | -139.1% | -160.7% | -1511.8% | | | | | | | 248.0% | -41.7% | -6.9% | -63.9% | -98.9% |
| Income before provision for taxes | (115.5) | (29.2) | 150.1 | (302.1) | (277.5) | (328.2) | (359.0) | (216.5) | (226.2) | 29.6 | 119.8 | 208.6 | 347.0 | 469.9 |
| Income Tax Expense | (0.2) | (0.0) | (0.2) | (1.1) | - | 16.4 | 17.9 | 10.8 | 11.3 | (4.4) | (18.0) | (31.3) | (52.1) | (70.5) |
| Tax rate | -0.2% | -0.2% | 0.1% | -0.4% | 0.0% | 5.0% | 5.0% | 5.0% | 5.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% |
| Minority Interest | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Reported Net Profit | (115.7) | (29.3) | 149.8 | (303.2) | (277.5) | (311.8) | (341.0) | (205.6) | (214.9) | 25.2 | 101.8 | 177.3 | 295.0 | 399.4 |
| Shares outstanding average -- diluted | 49.5 | 52.2 | 60.2 | 65.2 | 65.8 | 66.4 | 67.0 | 67.6 | 68.2 | 68.8 | 69.4 | 70.0 | 70.6 | 71.2 |
| Growth (% yoy) | 4.6% | 5.6% | 15.2% | 8.4% | 1.0% | 0.9% | 0.9% | 0.9% | 0.9% | 0.9% | 0.9% | 0.9% | 0.9% | 0.8% |
| Reported EPS (diluted) | (2.34) | (0.56) | 2.49 | (4.65) | (4.21) | (4.69) | (5.09) | (3.04) | (3.15) | 0.37 | 1.47 | 2.53 | 4.18 | 5.61 |
| Growth (% yoy) | -304.8% | -76.1% | -544.6% | -286.7% | -9.3% | 11.4% | 8.4% | -40.2% | 3.6% | -111.6% | 300.9% | 72.7% | 65.0% | 34.3% |
| Number of shares issued (period end) | 49.5 | 52.2 | 64.7 | 65.5 | 66.1 | 66.7 | 67.3 | 67.9 | 68.5 | 68.8 | 69.7 | 70.3 | 70.9 | 71.5 |
| Growth (% yoy) | | | | | | | | | | | | | | |
| Regular D&A | 4.3 | 6.8 | 12.4 | 19.5 | 19.1 | 22.5 | 23.5 | 30.4 | 30.5 | 38.7 | 43.2 | 47.7 | 53.6 | 58.6 |
| % of sales | 2.7% | 2.1% | 1.4% | 3.4% | 2.9% | 2.9% | 2.9% | 2.9% | 2.9% | 2.9% | 2.9% | 2.9% | 2.9% | 2.9% |
| EBITDA | (85.5) | (38.0) | 382.7 | (141.2) | (222.3) | (278.0) | (345.8) | (238.6) | (277.5) | (59.7) | 4.3 | 60.4 | 162.6 | 201.6 |
| Growth (% yoy) | 1070.2% | -55.6% | -1107.4% | -136.9% | 57.5% | 25.1% | 24.4% | -31.0% | 16.3% | -78.5% | -107.2% | 1302.5% | 169.3% | 24.0% |
| % of sales | -54.8% | -12.0% | 42.7% | -24.3% | -34.2% | -36.2% | -43.3% | -23.1% | -26.8% | -4.5% | 0.3% | 3.7% | 8.9% | 10.1% |

Source: Company reports, Barclays Research estimates

Balance Sheet

FIGURE 8

Balance sheet

| | 2017 | 2018 | 2019 | 2020E | 2021E | 2022E | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| BALANCE SHEET | | | | | | | | | | | | | | |
| Assets | | | | | | | | | | | | | | |
| Cash and Cash Equivalents | 1,151.2 | 1,290.8 | 1,861.6 | 2,001.0 | 1,581.5 | 1,047.0 | 497.2 | 100.4 | (253.9) | (308.9) | (298.5) | (213.3) | (4.9) | 399.9 |
| Current financial investments | | | 3,919.2 | 3,220.8 | 3,220.8 | 3,220.8 | 3,220.8 | 3,220.8 | 3,220.8 | 3,220.8 | 3,220.8 | 3,220.8 | 3,220.8 | 3,220.8 |
| Inventories | 0.3 | - | - | - | - | - | 12.9 | 28.4 | 39.1 | 60.2 | 75.8 | 93.9 | 114.9 | 158.3 |
| Accounts Receivable | 28.0 | 18.6 | 54.0 | 116.3 | 95.9 | 79.0 | 84.9 | 112.2 | 117.6 | 150.3 | 167.9 | 185.8 | 209.1 | 234.0 |
| R&D incentive receivables | 11.8 | 11.2 | 21.9 | 13.8 | 13.8 | 13.8 | 13.8 | 13.8 | 13.8 | 13.8 | 13.8 | 13.8 | 13.8 | 13.8 |
| Restricted Cash | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other current assets | 6.4 | 8.2 | 9.1 | 15.9 | 15.9 | 15.9 | 15.9 | 15.9 | 15.9 | 15.9 | 15.9 | 15.9 | 15.9 | 15.9 |
| Total Current Assets | 1,197.6 | 1,328.9 | 5,865.9 | 5,367.9 | 4,927.9 | 4,376.5 | 3,845.6 | 3,491.6 | 3,153.3 | 3,152.1 | 3,195.7 | 3,316.9 | 3,569.6 | 4,042.7 |
| Intangible Assets | 2.5 | 3.6 | 24.9 | 41.1 | 41.1 | 41.1 | 41.1 | 41.1 | 41.1 | 41.1 | 41.1 | 41.1 | 41.1 | 41.1 |
| Property, Plant & Equipment, net | 16.7 | 23.1 | 66.1 | 105.9 | 140.4 | 181.1 | 223.4 | 278.2 | 333.1 | 359.5 | 388.9 | 421.4 | 457.9 | 497.8 |
| Deferred Tax Assets | 2.0 | 2.5 | 4.2 | 3.9 | 3.9 | 3.9 | 3.9 | 3.9 | 3.9 | 3.9 | 3.9 | 3.9 | 3.9 | 3.9 |
| Non-current R&D incentive receivables | 64.0 | 73.4 | 93.4 | 109.0 | 109.0 | 109.0 | 109.0 | 109.0 | 109.0 | 109.0 | 109.0 | 109.0 | 109.0 | 109.0 |
| Non-current restricted cash | 1.2 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other non-current assets | 2.3 | 7.9 | 14.1 | 8.6 | 8.6 | 8.6 | 8.6 | 8.6 | 8.6 | 8.6 | 8.6 | 8.6 | 8.6 | 8.6 |
| Total Assets | 1,286.3 | 1,439.5 | 6,068.6 | 5,636.4 | 5,231.0 | 4,720.3 | 4,231.6 | 3,932.4 | 3,649.1 | 3,674.3 | 3,747.3 | 3,900.9 | 4,190.1 | 4,703.1 |
| Liabilities | | | | | | | | | | | | | | |
| Provisions | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Finance Lease Liabilities | 0.0 | - | 5.8 | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 |
| Accounts Payable | 47.1 | 68.9 | 142.5 | 174.5 | 211.5 | 174.2 | 187.3 | 247.5 | 259.4 | 331.5 | 370.3 | 409.8 | 461.2 | 516.2 |
| Current Tax Payable | 0.9 | 1.2 | 2.0 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| Accrued Charges | 1.2 | - | 0.9 | - | - | - | - | - | - | - | - | - | - | - |
| Deferred Income | 122.5 | 149.8 | 414.3 | 422.0 | 422.0 | 422.0 | 422.0 | 422.0 | 422.0 | 422.0 | 422.0 | 422.0 | 422.0 | 422.0 |
| Current Financial liabilities | - | - | 6.2 | 14.3 | 14.3 | 14.3 | 14.3 | 14.3 | 14.3 | 14.3 | 14.3 | 14.3 | 14.3 | 14.3 |
| Other current liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Current liabilities | 171.7 | 219.9 | 571.8 | 618.7 | 655.8 | 618.5 | 631.6 | 691.8 | 703.7 | 775.7 | 814.5 | 854.0 | 905.5 | 960.4 |
| Pension Liabilities | 3.6 | 3.8 | 8.3 | 8.6 | 8.6 | 8.6 | 8.6 | 8.6 | 8.6 | 8.6 | 8.6 | 8.6 | 8.6 | 8.6 |
| Provisions | 0.1 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Finance Lease Liabilities | - | - | 19.6 | 22.0 | 22.0 | 22.0 | 22.0 | 22.0 | 22.0 | 22.0 | 22.0 | 22.0 | 22.0 | 22.0 |
| Other non-current liabilities | 1.6 | 1.6 | 7.0 | 9.6 | 9.6 | 9.6 | 9.6 | 9.6 | 9.6 | 9.6 | 9.6 | 9.6 | 9.6 | 9.6 |
| Non-current deferred income | 97.3 | - | 2,586.3 | 2,367.2 | 2,367.2 | 2,367.2 | 2,367.2 | 2,367.2 | 2,367.2 | 2,367.2 | 2,367.2 | 2,367.2 | 2,367.2 | 2,367.2 |
| Non-current financial liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Liabilities | 274.3 | 225.2 | 3,193.0 | 3,026.0 | 3,063.0 | 3,025.7 | 3,038.8 | 3,099.0 | 3,110.9 | 3,183.0 | 3,221.8 | 3,261.3 | 3,312.7 | 3,367.7 |
| Equity capital | 233.4 | 236.5 | 287.3 | 288.1 | 290.9 | 288.1 | 290.9 | 288.1 | 290.9 | 288.1 | 290.9 | 288.1 | 290.9 | 288.1 |
| Share Premium | 993.0 | 1,277.8 | 2,703.6 | 2,725.6 | 2,725.6 | 2,725.6 | 2,725.6 | 2,725.6 | 2,725.6 | 2,725.6 | 2,725.6 | 2,725.6 | 2,725.6 | 2,725.6 |
| Other reserves | (1.3) | (0.7) | (4.8) | (250.2) | (549.0) | (1,166.1) | (1,524.1) | (2,027.2) | (2,178.7) | (2,369.3) | (2,191.5) | (2,221.0) | (1,839.5) | (1,525.2) |
| Treasury Stock | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Translation differences | (1.8) | (1.6) | (1.1) | (2.5) | (2.5) | (2.5) | (2.5) | (2.5) | (2.5) | (2.5) | (2.5) | (2.5) | (2.5) | (2.5) |
| Accumulated losses | (211.4) | (297.8) | (109.2) | (150.6) | (297.1) | (150.6) | (297.1) | (150.6) | (297.1) | (150.6) | (297.1) | (150.6) | (297.1) | (150.6) |
| Total Shareholders' Equity | 1,012.0 | 1,214.2 | 2,875.7 | 2,610.5 | 2,168.0 | 1,694.5 | 1,192.8 | 833.4 | 538.2 | 491.3 | 525.5 | 639.7 | 877.4 | 1,335.4 |

Source: Company reports, Barclays Research estimates

Statement of Cash Flows

FIGURE 9
Cash flow statement

| | 2017 | 2018 | 2019 | 2020E | 2021E | 2022E | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E |
|---|---------------|-----------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|---------------|--------------|
| CASH FLOW STATEMENT | | | | | | | | | | | | | | |
| Operating Activities | | | | | | | | | | | | | | |
| Net income / loss | -115.7 | -29.3 | 149.8 | -303.2 | -277.5 | -311.8 | -341.0 | -205.6 | -214.9 | 25.2 | 101.8 | 177.3 | 295.0 | 399.4 |
| Tax Expense | 0.2 | -0.3 | 0.2 | 1.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other net financial expenses | 25.7 | -9.0 | -7.9 | 0.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| FV re-measurement of subscription sha | 0.0 | 0.0 | 181.6 | 8.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Depreciation | 3.6 | 3.8 | 12.4 | 19.5 | 19.1 | 22.5 | 23.5 | 30.4 | 30.5 | 38.7 | 43.2 | 47.7 | 53.6 | 58.6 |
| Amortization and Inventories w rite-off | 0.7 | 3.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net realized loss on FX | -0.4 | -0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Share based comp. | 16.5 | 19.4 | 38.3 | 59.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Decrease in provisions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Increase in pension liabilities | 0.0 | 0.2 | -0.2 | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Discounting effect of deferred income | | | 6.9 | 12.8 | | | | | | | | | | |
| Unrealized exchange gains/losses | | 0.0 | 11.2 | 51.4 | | | | | | | | | | |
| Fair value adjustment | | 0.0 | -2.3 | 9.3 | | | | | | | | | | |
| Gain on sale of business/ fixed assets | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Adjustment for items under investing/financing CF | | 0.0 | -5.1 | -2.6 | | | | | | | | | | |
| Interest paid | -0.3 | -1.1 | -1.2 | -6.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest received | 1.3 | 4.6 | 7.9 | 8.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Taxes paid | -0.2 | -0.1 | -0.1 | -1.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Working capital | | | | | | | | | | | | | | |
| Inventory | 0.0 | 0.0 | 0.0 | -0.1 | 0.0 | 0.0 | -12.9 | -15.5 | -10.7 | -21.1 | -15.6 | -18.1 | -21.0 | -43.4 |
| Accounts receivable | -27.7 | -20.0 | -67.3 | -79.8 | 20.4 | 16.9 | -5.9 | -27.3 | -5.4 | -32.7 | -17.6 | -17.9 | -23.3 | -24.9 |
| Trade & Other Payables | 14.8 | 39.9 | 79.9 | 28.8 | 37.1 | -37.3 | 13.1 | 60.2 | 11.9 | 72.0 | 38.8 | 39.5 | 51.5 | 55.0 |
| Deferred Income and Others | -65.7 | -153.3 | 2,804.2 | -271.7 | -184.1 | -184.1 | -184.1 | -184.1 | -110.8 | -110.8 | -110.8 | -110.8 | -110.8 | 0.0 |
| Total change in working capital | -78.6 | -133.4 | 2,816.9 | -322.8 | -126.6 | -204.5 | -189.9 | -166.7 | -114.9 | -92.5 | -105.1 | -107.3 | -103.7 | -13.3 |
| Net cash from operations | -147.0 | -142.463 | 3,208.6 | -465.7 | -385.0 | -493.8 | -507.5 | -342.0 | -299.4 | -28.7 | 39.8 | 117.6 | 244.9 | 444.7 |
| From Investing Activity | | | | | | | | | | | | | | |
| Acquisitions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Disposals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Purchases of PP&E | -5.3 | -10.4 | -22.4 | -36.5 | -34.5 | -40.7 | -42.3 | -54.8 | -55.0 | -26.4 | -29.4 | -32.5 | -36.5 | -39.9 |
| Disposals of PP&E | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| R&D and other intangibles | -2.1 | -3.3 | -23.3 | -20.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Decrease in restricted cash | 6.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Acquisition/Proceeds - financial assets | 0.4 | -2.2 | -3,724.0 | 677.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Others | 0.0 | 0.0 | 5.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Cash from Investing | -0.5 | -15.914 | -3,764.7 | 620.5 | -34.5 | -40.7 | -42.3 | -54.8 | -55.0 | -26.4 | -29.4 | -32.5 | -36.5 | -39.9 |
| From Financing Activity | | | | | | | | | | | | | | |
| Net change in financial liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Proceeds from capital increases | 353.4 | 296.2 | 955.6 | 25.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Repayment of obligations under leases | -0.1 | -0.1 | -5.1 | -5.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Dividend (paid)/ received | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | 0.0 | -8.3 | 385.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Cash from Financing | 353.4 | 287.9 | 1,335.8 | 20.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other cash flow s | 0.0 | 0.0 | -198.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Exchange | -27.8 | 10.1 | -10.0 | -36.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash/Equiv Balance (BOY) | 973.2 | 1,151.2 | 1,290.8 | 1,861.6 | 2,001.0 | 1,581.5 | 1,047.0 | 497.2 | 100.4 | -253.9 | -308.9 | -298.5 | -213.3 | -4.9 |
| Net Cash Flow | 178.0 | 139.6 | 570.8 | 139.4 | -419.5 | -534.5 | -549.8 | -396.8 | -354.3 | -55.0 | 10.4 | 85.2 | 208.4 | 404.8 |
| Cash/Equiv Balance (EOY) | 1,151.2 | 1,290.8 | 1,861.6 | 2,001.0 | 1,581.5 | 1,047.0 | 497.2 | 100.4 | -253.9 | -308.9 | -298.5 | -213.3 | -4.9 | 399.9 |
| Free Cash Flow | | | | | | | | | | | | | | |
| Grow th (% yoy) | -164.8% | 0.3% | -2184.5% | -115.8% | -16.5% | 27.4% | 2.9% | -27.8% | -10.7% | -84.5% | -119.0% | 715.4% | 144.7% | 94.3% |
| Per share | (3.08) | (2.93) | 52.95 | (7.70) | (6.37) | (8.04) | (8.20) | (5.87) | (5.19) | (0.80) | 0.15 | 1.22 | 2.95 | 5.68 |
| % of NI | 132% | 522% | 2126% | 166% | 151% | 171% | 161% | 193% | 165% | -219% | 10% | 48% | 71% | 101% |

Source: Company reports, Barclays Research estimates

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Primary Stocks (Ticker, Date, Price)

Galapagos (GLPG.AS, 15-Jan-2021, EUR 82.42), Equal Weight/Positive, J

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European Pharmaceuticals

| | | |
|-----------------------------------|------------------------|-------------------------|
| argenx (ARGX.BR) | AstraZeneca (AZN.L) | Bayer AG (BAYGn.DE) |
| CHI-MED (HCM.L) | Galapagos (GLPG.AS) | Genmab A/S (GMAB.CO) |
| GlaxoSmithKline (GSK.L) | Grifols SA (GRLS.MC) | H Lundbeck A/S (LUN.CO) |
| Hikma Pharmaceuticals PLC (HIK.L) | Idorsia (IDIA.S) | Ipsen SA (IPN.PA) |
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Galapagos (GLPG NA / GLPG.AS)

EUR 82.42 (15-Jan-2021)

Stock Rating

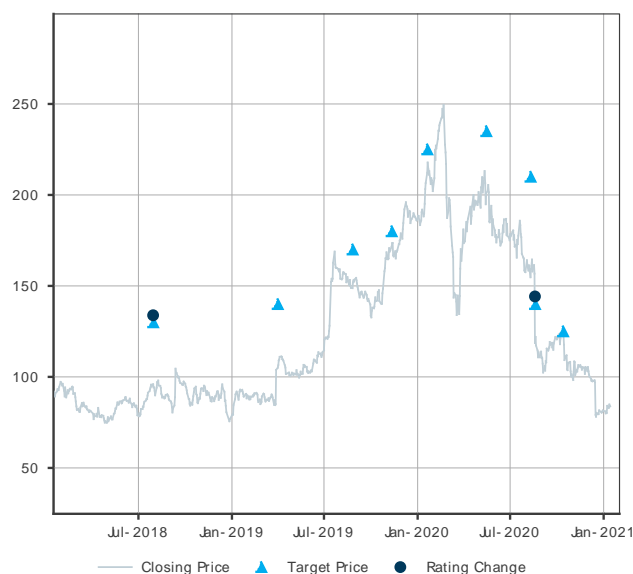
EQUAL WEIGHT

Industry View

POSITIVE

Rating and Price Target Chart - EUR (as of 15-Jan-2021)

Currency=EUR



| Publication Date | Closing Price | Rating | Adjusted Price Target |
|------------------|---------------|--------------|-----------------------|
| 13-Oct-2020 | 124.65 | | 125.00 |
| 19-Aug-2020 | 118.55 | Equal Weight | 140.00 |
| 10-Aug-2020 | 154.75 | | 210.00 |
| 15-May-2020 | 200.90 | | 235.00 |
| 20-Jan-2020 | 212.20 | | 225.00 |
| 11-Nov-2019 | 171.60 | | 180.00 |
| 26-Aug-2019 | 148.80 | | 170.00 |
| 01-Apr-2019 | 104.95 | | 140.00 |
| 30-Jul-2018 | 96.00 | Overweight | 130.00 |

Source: Bloomberg, Barclays Research

Historical stock prices and price targets may have been adjusted for stock splits and dividends.

Source: IDC, Barclays Research

[Link to Barclays Live for interactive charting](#)

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Valuation Methodology: Given that we do not expect Galapagos to be profitable until 2026, we employ an NPV-based methodology to derive our price target. Using a 11.5% WACC and 0% terminal growth rate, we arrive at a price target for GLPG of EUR 85.50.

Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: MANTA study showing a safety signal. Failure of filgotinib in ph. 3 IBD trials. Failure of GLPG 1690 to show disease modification in IPF.

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European Pharmaceuticals (Cont'd)

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