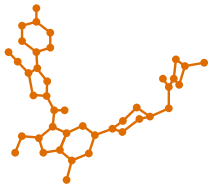
The Galapagos group

An overview of Galapagos, its strategy and portfolio in Q1 2018

GLPG1690, a potent and selective inhibitor of autotaxin, a potential target for IPF.



Letter from the management

Dear shareholders,

We reported another quarter of solid pipeline progress in the first quarter of 2018, as we prepared for the next wave of late stage studies, finished up execution on several other patient studies, and moved our early pipeline forward.

In our osteoarthritis, atopic dermatitis, and cystic fibrosis programs, we are preparing for the next patient studies in the second quarter. Importantly, we received feedback from regulatory authorities for our ISABELA global pivotal studies with GLPG1690 in idiopathic pulmonary fibrosis, expected to start in the second half of 2018. We await the next round of filgotinib clinical study results, starting with the EQUATOR studies in psoriatic arthritis in the second quarter.

The coming year will be data-rich, as we expect the first Phase 3 data with filgotinib in rheumatoid arthritis, along with an interim decision to move to Phase 3 in the ulcerative colitis trial and readouts in our trials in ankylosing spondylitis and psoriatic arthritis. In cystic fibrosis, we will see topline results from the PELICAN trial and a first interim readout with FALCON, a patient study of our first triple combination therapy. We expect to launch pivotal trials with GLPG1690 in IPF, building our fully proprietary IPF franchise. And with our planned start of Phase 2 studies for GLPG1205, GLPG1972, MOR106, and a second CF triple combination, we set the foundations for the next set of clinical results. Meanwhile, we continue to expand our organization to be able to execute the increasing number of clinical studies and to be ready for the anticipated market introduction of our drug candidates.

Galapagos ended the first quarter of 2018 with a strong balance sheet. We are continuing to grow our late stage development organization to execute on our successful programs. The Galapagos share of proprietary late stage development is growing, leading to increased costs for our company. During 2018 we expect to be running 13 Phase 2 studies. All this will contribute to our financial guidance for operational cash burn between €220 and €240 million for full year 2018.

Operational overview Q1 2018

Inflammation

- Completed recruitment for the EQUATOR and TORTUGA Phase 2 Proof-of-Concept trials with filgotinib
- Reported good tolerability and dose-dependent decreases of biomarker ARGS neoepitope in the blood serum of osteoarthritis patients treated with GLPG1972
- Presented the key findings of the Phase 1b trial in atopic dermatitis patients with MOR106 at AAD 2018

Cystic fibrosis (CF)

- Reported activity and good tolerability with C1 corrector GLPG2222 in homozygous Class II patients in the FLAMINGO Phase 2 trial
- Completed Phase 1 with the second triple combination therapy comprising GLPG3067, GLPG2222, and GLPG2737
- Completed recruitment for the Phase 2 PELICAN trial with C2 corrector GLPG2737 in combination with Orkambi®[1] in Class II homozygous patients

[1] A combination potentiator-corrector therapy marketed by Vertex Pharmaceuticals.

Corporate & other

- Raised €3.9 million from warrant exercises

Recent events

- Announced ISABELA, a global Phase 3 program with GLPG1690 in IPF based on feedback from FDA and EMA
- Announced initiation of FALCON, our first clinical trial with an investigational triple combination therapy in CF patients

Q1 2018 financial result

Revenues and other income

Our revenues and other income for the first three months of 2018 amounted to €44.8 million, compared to €39.9 million in the same period of 2017. Revenues (€37.9 million vs €34.0 million for the same period last year) were higher due to an increased recognition in revenue of the upfront payment related to the filgotinib program with Gilead, in line with the increased spending, but also due to the adoption of IFRS 15 – Revenue from contract with customers, on 1 January 2018, resulting in the recognition for the first quarter of 2018 of €10.4 million of deferred revenues related to previously recognized upfront and milestones under the former applicable standards of IAS 18. We refer to the notes to this interim consolidated financial report for additional information on the impact of the adoption of IFRS 15 on our consolidated financial statements.

Other income increased (€6.9 million vs €5.9 million for the same period last year), mainly driven by higher income from R&D incentives.

Results

We realized a net loss of €37.3 million for the first three months of 2018, compared to a net loss of €13.6 million in the first three months of 2017.

We reported an operating loss amounting to €32.0 million for the first quarter of 2018, compared to an operating loss of €11.2 million for the same period last year.

Our R&D expenses in the first three months of 2018 were €69.8 million, compared to €44.9 million for the first quarter of 2017. This planned increase was due mainly to an increase of €20.4 million in subcontracting costs primarily on our filgotinib and GLPG1690 programs. Furthermore, personnel costs increased explained by a planned headcount increase. Our G&A and S&M expenses were €7.1 million in the first quarter of 2018, compared to €6.2 million in the first quarter of 2017. This increase mainly resulted from higher personnel costs due to a planned headcount increase.

Net financial expenses in the first three months of 2018 amounted to €5.2 million, compared to net financial expenses of €2.4 million for the same period last year, and were primarily attributable to €5.6 million of unrealized exchange loss on our cash position in U.S. dollars. We expect to use this cash held in U.S. dollars to settle our future payables in U.S. dollars, which will be primarily linked to our global collaboration with Gilead for the development of filgotinib.

Liquid assets position

Cash and cash equivalents totaled €1,108.2 million on 31 March 2018.

A net decrease of €43.0 million in cash and cash equivalents was recorded during the first three months of 2018, compared to a net decrease of €19.9 million during the same period last year. Net cash flows used in operating activities amounted to €39.8 million in the first three months of 2018. Exercise of warrants in the first quarter of 2018 generated a financing cash inflow of €3.9 million. Furthermore, €1.5 million was used in investing activities and €5.6 million unrealized negative exchange rate differences were reported on cash and cash equivalents.

Finally, our balance sheet held a receivable from the French government (*Crédit d'Impôt Recherche*[2]) amounting to €39.1 million, payable in 4 yearly tranches. Our balance sheet also held a receivable from the Belgian Government for R&D incentives amounting to €41.7 million.

Outlook 2018

We aim to report topline results with the FINCH 2 (rheumatoid arthritis), EQUATOR (psoriatic arthritis), TORTUGA (ankylosing spondylitis) filgotinib trials as well as a decision to continue to Phase 3 in SELECTION (ulcerative colitis). Our collaboration partner Gilead expects to complete recruitment of FINCH 1 and FINCH 3, the remaining RA Phase 3 trials with filgotinib. In cystic fibrosis we anticipate the readout of the PELICAN patient trial and an interim readout in FALCON. We recently announced the design for the ISABELA pivotal trials with GLPG1690 in IPF. We expect to start dosing ISABELA and initiate Phase 2 trials with GLPG1205 (IPF), an additional CF triple combination, GLPG1972 (osteoarthritis), and MOR106 (atopic dermatitis) later in 2018.

The company expects an operational cash burn between €220 and €240 million in 2018.

We thank you again for your support of Galapagos. We aim to discover and to develop more novel medications, bring the successful therapies to the market, and improve patients' lives.

Onno van de Stolpe
CEO

[2] *Crédit d'Impôt Recherche* refers to an innovation incentive system underwritten by the French government.

At a glance

Consolidated Key Figures

(thousands of €, if not stated otherwise)

Income statement	31/03/2018	31/03/2017
Revenues[1]	37,907	33,992
Other income	6,931	5,871
R&D expenditure	(69,765)	(44,930)
S, G&A expenses	(7,110)	(6,158)
Operating expenses	(76,875)	(51,088)
Operating loss	(32,036)	(11,225)
Net financial results	(5,184)	(2,380)
Taxes	(62)	–
Net loss	(37,283)	(13,605)

Balance sheet	31/03/2018	31/12/2017
Cash and cash equivalents	1,108,186	1,151,211
R&D incentives receivables	80,870	75,783
Assets	1,229,864	1,286,274
Shareholders' equity[1]	899,345	1,011,983
Deferred income[1]	268,654	219,892
Other liabilities	61,865	54,399

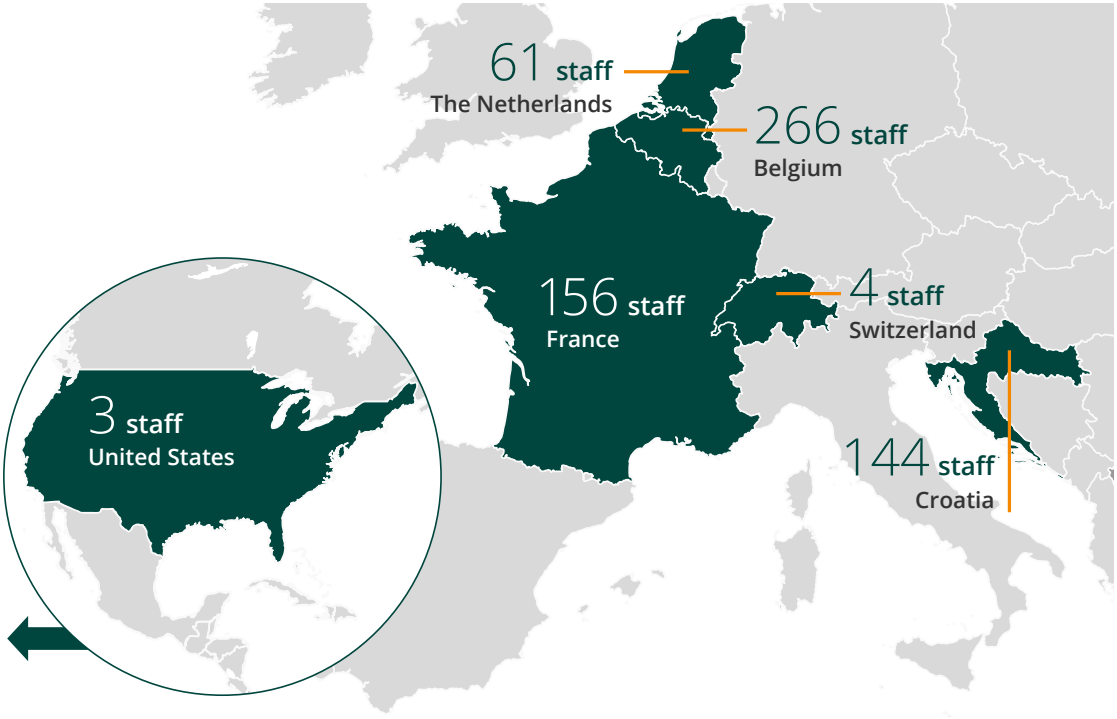
Cash flow	31/03/2018	31/03/2017
Operational cash burn[2]	(41,335)	(23,878)
Cash flow generated / used (–) in financing activities	3,905	(14)
Effect of currency exchange rate fluctuation on cash and cash equivalents	(5,595)	(2,496)
Decrease in cash and cash equivalents	(43,025)	(19,856)
Cash and cash equivalents on 31 March	1,108,186	953,385

Financial ratios	31/03/2018	31/03/2017
Number of shares issued on 31 March	51,234,962	46,256,078
Basic and diluted loss per share (in €)	(0.73)	(0.29)
Share price on 31 March (in €)	81.30	81.58
Total group employees on 31 March (number)	634	530

(1) Our revenues, shareholders' equity and deferred income for the period ended 31 March 2018 were influenced by the adoption of the new standard IFRS 15 – Revenue from contract with customers, on 1 January 2018. We refer to the notes of this interim consolidated financial report for additional information.

(2) The operational cash burn (or operational cash flow if this performance measure is positive) is equal to the sum of the net cash flows generated / used (–) in operating activities and the net cash flows generated / used (–) in investing activities minus (i) the proceeds or cash used, if any, in acquisitions or disposals of businesses; and (ii) the movement in restricted cash, if any. This alternative performance measure is in our view an important metric for a biotech company in the development stage.

Employees per site as of 31 March 2018



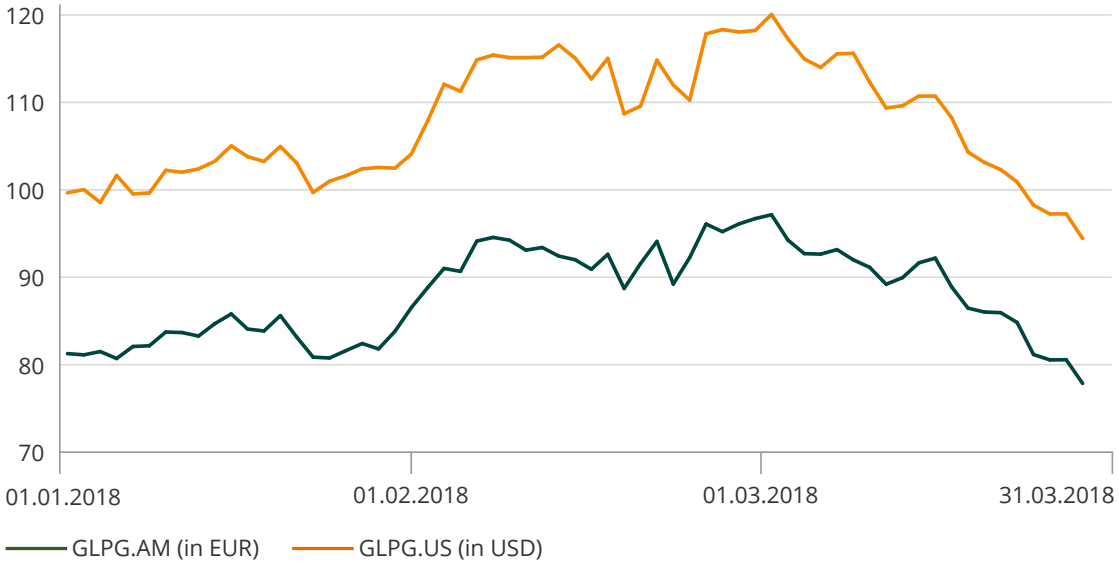
Risk factors

We refer to the description of risk factors in the 2017 annual report, pp. 48-56, as supplemented by the description of risk factors in our annual report on Form 20-F filed with the U.S. Securities and Exchange Commission, pp. 5-45. In summary, the principal risks and uncertainties faced by us relate to: our financial position and need for additional capital; product development, regulatory approval and commercialization; our reliance on third parties; our competitive position; our intellectual property; our organization, structure and operation (including but not limited to certain risks related to our status as a U.S. publicly listed company following the public offering of shares (in the form of ADSs) and listing on NASDAQ in May 2015) and market risks relating to our shares and ADSs.

We also refer to the description of the group's financial risk management given in the 2017 annual report, pp. 132-135, which remains valid.

The Galapagos share

Performance of the Galapagos share on Euronext and NASDAQ



Disclaimer and other information

Galapagos NV is a limited liability company organized under the laws of Belgium, having its registered office at Generaal De Wittelaan L11 A3, 2800 Mechelen, Belgium. Throughout this report, the term "Galapagos NV" refers solely to the non-consolidated Belgian company and references to "we," "our," "the group" or "Galapagos" include Galapagos NV together with its subsidiaries.

This report is published in Dutch and in English. In case of inconsistency between the Dutch and the English versions, the Dutch version shall prevail. Galapagos is responsible for the translation and conformity between the Dutch and English version.

This report is available free of charge and upon request to be addressed to:

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Listings

Euronext Amsterdam and Brussels: GLPG
NASDAQ: GLPG

Forward-looking statements

This report contains forward-looking statements, all of which involve certain risks and uncertainties. These statements are often, but are not always, made through the use of words or phrases such as "believe," "anticipate," "expect," "intend," "plan," "seek," "estimate," "may," "will," "could," "stand to," "continue," as well as similar expressions. Forward-looking statements contained in this report include, but are not limited to, statements made in the "Letter from the management", the information provided in the section captioned "Outlook 2018", guidance from management regarding the expected operational use of cash during financial year 2018, statements regarding the development of a potential triple combination therapy for Class II cystic fibrosis patients and the possible activity and clinical utility of such potential triple combination therapy, statements regarding the expected timing, design and readouts of ongoing and planned clinical trials (i) with filgotinib in rheumatoid arthritis, Crohn's disease, ulcerative colitis and other indications, (ii) with GLPG2222, GLPG2737, GLPG2851, GLPG2451, and GLPG3067 or combinations thereof in cystic fibrosis, (iii) with GLPG1690 and GLPG1205 in IPF, (iv) with GLPG1972 in osteoarthritis, and (v) with MOR106 in atopic dermatitis. We caution the reader that forward-looking statements are not guarantees of future performance. Forward-looking statements may involve known and unknown risks, uncertainties and other factors which might cause our actual results, financial condition and liquidity, performance or achievements, or the development of the industry in which we operate, to be materially different from any historic or future results, financial conditions, performance or achievements expressed or implied by such forward-looking statements. In addition, even if our results of operations, financial

condition and liquidity, and the development of the industry in which we operate are consistent with such forward-looking statements, they may not be predictive of results or developments in future periods. Among the factors that may result in differences are that our expectations regarding our 2018 revenues and financial results and our 2018 operating expenses may be incorrect (including because one or more of our assumptions underlying our revenue or expense expectations may not be realized), the inherent uncertainties associated with competitive developments, clinical trial and product development activities and regulatory approval requirements (including that data from our clinical research programs in rheumatoid arthritis, Crohn's disease, ulcerative colitis, cystic fibrosis, idiopathic pulmonary fibrosis, osteoarthritis, atopic dermatitis, and other inflammatory indications may not support registration or further development of our product candidates due to safety, efficacy or other reasons), our reliance on collaborations with third parties (including our collaboration partner for filgotinib, Gilead, our collaboration partner for cystic fibrosis, AbbVie, our collaboration partner for GLPG1972, Servier, and our collaboration partner for MOR106, MorphoSys), and estimating the commercial potential of our product candidates. A further list and description of these risks, uncertainties and other risks can be found in our Securities and Exchange Commission filings and reports, including in our most recent annual report on Form 20-F filed with the SEC and our other filings and reports. We also refer to the "Risk Factors" section of this report. Given these uncertainties, the reader is advised not to place any undue reliance on such forward-looking statements. These forward-looking statements speak only as of the date of publication of this document. We expressly disclaim any obligation to update any such forward-looking statements in this document to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements, unless specifically required by law or regulation.