Financial statements

Consolidated and non-consolidated financial statements for 2014

"

The Company is well-positioned to create significant value from its R&D assets, with nearly €200 million in cash on the balance sheet end 2014, the largest year end cash position ever for Galapagos.

Bart Filius
CFO of Galapagos

Consolidated financial statements

Consolidated income statement and statement of comprehensive income

for the years ended 31 December

Consolidated income statement

	Year ended 31 December,		
(thousands of €, except share and per share data)	2014	2013(*)	Notes
Revenues	69,368	76,625	4
Other income	20,653	19,947	4
Total revenues and other income	**90,021**	**96,572**	
Research and development expenditure	(111,110)	(99,380)	5
General and administrative expenses	(13,875)	(12,353)	5
Sales and marketing expenses	(992)	(1,464)	5
Restructuring and integration costs	(669)	(290)	5
Operating loss	**(36,624)**	**(16,915)**	
Finance income	1,424	780	7
Loss before tax	**(35,201)**	**(16,135)**	
Income taxes	(2,103)	(676)	8
Net loss from continuing operations	**(37,303)**	**(16,811)**	
Net income from discontinued operations	**70,514**	**8,732**	9
Net income / loss (–)	**33,211**	**(8,079)**	10
Net income / loss (–) attributable to:			
Owners of the parent	33,211	(8,079)	
Basic and diluted income / loss (–) per share	**1.10**	**(0.28)**	10
Basic and diluted loss per share from continuing operations	**(1.24)**	**(0.58)**	
Weighted average number of shares (in thousands of shares)	30,108	28,787	10

(*) Reclassification of the service division to the discontinued operations as described in note 2 and 9

Consolidated statement of comprehensive income

	Year ended 31 December,		
(thousands of €)	2014	2013	Notes
Net income / loss (–)	**33,211**	**(8,079)**	
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	(267)	47	31

Consolidated statement of comprehensive income

	Year ended 31 December,		
(thousands of €)	2014	2013	Notes
Items that may be reclassified subsequently to profit or loss:			
Translation differences, arisen from translating foreign activities	460	(824)	23
Translation differences, arisen from the sale of service division	(1,787)		23
Other comprehensive income, net of income tax	**(1,594)**	**(777)**	
Total comprehensive income attributable to:			
Owners of the parent	31,617	(8,856)	

Consolidated statements of financial position

at 31 December

(thousands of €)	As at 31 December, 2014	2013(*)	Notes
Assets			
Goodwill		39,239	11
Intangible assets	2,015	7,832	12
Property, plant and equipment	10,091	19,525	13
Deferred tax assets	293	4,558	24
Non-current R&D incentives receivables	43,944	39,347	14
Non-current restricted cash	306	3,306	16
Other non-current assets	215	220	15
Non-currents assets	**56,864**	**114,027**	
Inventories	281	249	17
Trade and other receivables	3,211	19,207	18
Current R&D incentives receivables	7,351	10,625	14
Cash and cash equivalents	187,712	138,175	19
Current restricted cash	10,422		16
Other current assets	4,625	5,091	18
Current assets	**213,603**	**173,347**	
Total assets	**270,467**	**287,374**	
Equity and liabilities			
Share capital	157,274	154,542	20
Share premium account	114,182	112,484	21
Other reserves	(220)	47	22
Translation differences	(1,157)	170	23
Accumulated losses	(63,944)	(100,107)	
Total equity	**206,135**	**167,137**	
Pension liabilities	2,865	2,189	31
Provisions	72	668	27
Deferred tax liabilities		2,192	24
Finance lease liabilities	115	167	25
Other non-current liabilities	923	2,462	26
Non-current liabilities	**3,976**	**7,678**	
Provisions	105	81	27

(*) restricted cash was reclassified as described in notes 2 and 16

(thousands of €)	As at 31 December, 2014	2013(*)	Notes
Finance lease liabilities	52	226	25
Trade and other payables	30,007	29,365	26
Current tax payable	2,582	50	8
Accrued charges	585	3,858	26
Deferred income	27,026	78,979	26
Current liabilities	**60,356**	**112,559**	
Total liabilities	**64,332**	**120,237**	
Total equity and liabilities	**270,467**	**287,374**	

(*) restricted cash was reclassified as described in notes 2 and 16

Consolidated cash flow statements

for the years ended 31 December

	Year ended 31 December,		
(thousands of €)	2014	2013(*)	Notes
Cash and cash equivalents at beginning of year	**138,175**	**94,369**	19
Net income / loss (–)	33,211	(8,079)	
Adjustments for:			
Tax income (–) / expenses	2,337	(3,115)	8
Financial income (–) / expenses	(1,841)	174	7
Depreciation of property, plant and equipment	3,582	6,036	13
Amortization of intangible fixed assets	1,067	2,118	12
Net realized loss on foreign exchange transactions	(261)	(2,078)	
Share-based compensation	2,952	2,742	32
Increase / decrease (–) in provisions	27	(88)	27
Increase in pension liabilities	409	154	
Gain on sale of service division	(67,508)		36
Operating cash flows before movements in working capital	**(26,025)**	**(2,137)**	
Increase in inventories	(32)	(39)	17
Increase (–) / decrease in receivables	(10,110)	1,069	18
Increase/decrease (–) in payables	(40,311)	2,242	26
Cash generated / used (–) from operations	**(76,479)**	**1,136**	
Interest paid	(113)	(164)	
Interest received	951	959	
Income taxes paid (–) / received	86	(85)	
Net cash flows generated / used (–) in operating activities	**(75,555)**	**1,846**	
Purchase of property, plant and equipment	(2,061)	(7,328)	13
Purchase of and expenditure in intangible fixed assets	(743)	(545)	12
Proceeds from disposal of property, plant and equipment	45	65	13
Acquisitions (–) of subsidiaries, net of cash acquired	–	(1,152)	36
Disposals of subsidiaries, net of cash disposed	130,787		36
Increase (–) in restricted cash	(7,422)	(3,028)	16
Net cash flows generated / used (–) in investing activities	**120,606**	**(11,988)**	

(*) Reclassification of interest received from financing cash flow to operating cash flow as described in note 2

	Year ended 31 December,		
(thousands of €)	2014	2013(*)	Notes
Repayment of obligations under finance leases and other debts	(216)	(308)	25
Proceeds from Capital and Share premium increases, net of issue costs	4,430	54,803	20
Net cash flows generated in financing activities	**4,214**	**54,495**	
Effect of exchange rate differences on cash and cash equivalents	**271**	**(548)**	
Increase in cash and cash equivalents	**49,537**	**43,806**	
Cash and cash equivalents at end of year	**187,712**	**138,175**	

(*) Reclassification of interest received from financing cash flow to operating cash flow as described in note 2

Consolidated statements of changes in equity

(thousands of €)	Share capital	Share premium account	Translation differences	Other reserves	Accumul. losses	Total
On 1 January 2013	**139,347**	**72,876**	**994**		**(94,770)**	**118,447**
Net loss					(8,079)	(8,079)
Other comprehensive income			(824)	47		(777)
Total comprehensive income			**(824)**	**47**	**(8,079)**	**(8,856)**
Share-based compensation					2,742	2,742
Private placement	13,429	39,346				52,775
Exercise of warrants	1,766	262				2,028
On 31 December 2013	**154,542**	**112,484**	**170**	**47**	**(100,107)**	**167,137**
Net income					33,211	33,211
Other comprehensive income			(1,327)	(267)		(1,594)
Total comprehensive income			**(1,327)**	**(267)**	**33,211**	**31,617**
Share-based compensation					2,952	2,952
Exercise of warrants	2,732	1,698				4,430
On 31 December 2014	**157,274**	**114,182**	**(1,157)**	**(220)**	**(63,944)**	**206,135**

Non-consolidated financial statements

Statement of profit and loss

(thousands of €)	Year ended 31 December, 2014	2013
Turnover	63,033	48,330
Internally generated intangible assets	94,295	90,444
Other operating income	15,332	13,185
Operating income	**172,661**	**151,959**
Raw materials, consumables and goods for resale	(3,706)	(3,399)
Services and other goods	(96,690)	(78,801)
Remuneration, social security costs and pensions	(13,689)	(12,094)
Depreciation, impairment and other amounts written off on constitution costs, intangible and tangible assets	(76,847)	(66,820)
Other operating charges	(6,628)	(6,579)
Operating profit / loss (–)	**(24,899)**	**(15,735)**
Finance income	108,110	1,905
Finance cost	(1,118)	(1,596)
Profit / loss (–) on ordinary activities before taxes	**82,093**	**(15,426)**
Extraordinary income	6	
Extraordinary cost	(19,705)	(1,001)
Profit / loss (–) before taxes	**62,394**	**(16,427)**
Taxes	(436)	
Profit / loss (–) for the year	**61,958**	**(16,427)**
Loss brought forward	(131,714)	(115,287)
Accumulated losses to be carried forward	**(69,756)**	**(131,714)**

Balance sheet

(thousands of €)	As at 31 December, 2014	2013
Assets		
Non-current assets	**168,717**	**209,812**
Intangible fixed assets	131,423	125,842
Tangible fixed assets	3,227	3,762
Financial fixed assets	34,067	80,209
Current assets	**219,266**	**156,263**
Inventories	276	249
Trade and other receivables	1,898	10,994
Deferred costs	429	318
Accrued income	22,615	17,562
Cash and cash equivalents	194,046	127,141
Total assets	**387,983**	**366,075**
Equity and liabilities		
Equity	**207,276**	**140,775**
Share capital and reserves	163,904	161,172
Share premium account	108,222	106,524
Accumulated losses	(69,756)	(131,714)
Investment grants	4,906	4,793
Liabilities	**180,707**	**225,300**
Non-current liabilities	**413**	**464**
Obligations under finance lease (non-current)	115	167
Other liabilities	298	297
Current liabilities	**180,294**	**224,835**
Trade and other payables	53,178	50,782
Obligations under finance lease (current)	52	226
Tax, payroll and social security liabilities	2,723	2,452
Accrued costs	468	229
Deferred income	123,873	171,147
Total equity and liabilities	**387,983**	**366,075**