Quick Take From TOLEDO and TYK2 Data Dump

On Wednesday post market-close, the Galapagos team dumped top-line results for the awaited studies for its TOLEDO program and TYK2 program. The data will be presented with greater detail during the 2Q21 earnings call, but based upon the initial data disclosed, it seems likely that both the GLPG3970 and GLPG3667 programs will move into the next phase of clinical studies for psoriasis, respectively.

Results of Phase 1b psoriasis study of GLPG3667: At week 4, ~40% of patients treated within the high dose cohort of GLPG3667 achieved a PASI 50 response versus ~10% of patients treated with placebo. The depth of response at Week 4 for the responding patients was encouraging, with 2 of 10 patients nearing/achieving a PASI 75 (one patient borderline at 74% reduction and second patient reported an 81% reduction). Overall the data looks encouraging relative to the time course of mean reductions in absolute PASI reported for BMS-986165 (deucravacitinib) — presented below.

Results of TOLEDO studies: Based upon the top-line results from the 3 SIK2/3 inhibitor studies, only data from the CALOSOMA Phase 1b trial of GLPG3970 for the treatment of psoriasis seems likely to support moving into more advanced testing. At Week 6, ~31% of patients achieved a PASI 50 response (depth of response 50%, 50%, 56%, 77%), versus 0% of patients treated within the placebo group. Data from the ulcerative colitis study does not currently seem supportive of moving forward ahead of additional biomarker and efficacy data (SEA TURTLE), and there was no clinical signal within the rheumatoid arthritis study (LADYBUG).

Figure 2. Mean percentage change from baseline in absolute PASI through Week 12

Source: BMS, Strober and Banerjee et al, Nov 2020
COMPANY DESCRIPTION

Galapagos NV is a clinical-stage biotechnology company that is researching and developing novel small molecules to treat indications such as rheumatoid arthritis and inflammation. It was founded in 1999, and is headquartered in Mechelen, Belgium. Its diverse pipeline consists of multiple programs that are in Phases 1-3, and also has preclinical developments. Its most advanced program is filgotinib, a selective JAK1 inhibitor, which is targeting multiple indications including rheumatoid arthritis, ulcerative colitis, and Crohn's disease. Besides filgotinib, Galapagos has four current primary areas of interest: IPF, atopic dermatitis, OA, and inflammation fibrosis.

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**Galapagos NV**
We value shares of GLPG based on five-year forward EV/sales vs. mid-cap pharma group, and then assigned a premium or discount given our outlook for the company’s clinical programs.

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**Company Specific Risk Factors**

**Galapagos NV**

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Stronger data from competitors to filgotinib could reduce our optimism for the program, along with our current commercial sales estimates.

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