



Press release

Regulated information  
2 February 2010

## **Galapagos acquires Argenta Discovery's service operations**

- Acquisition price of €16.5 M in cash
- 2009 revenues of €14 M, profit of €3.5 M
- Unit will operate as 'Argenta' in parallel to BioFocus
- Combined division is market leader in drug discovery services
- Acquisition accretive to Galapagos result and operational cash flow in 2010
- Guidance for Galapagos revenues 2010 increases to above €135 M

[Click here](#) to access the live audio webcast presentation at 11.00 CET (10.00 GMT)  
call number +32 2290 1791

**Mechelen, Belgium; 2 February 2010 – Galapagos NV (Euronext: GLPG) announces the acquisition of Argenta Discovery 2009 Ltd., a privately held contract research drug discovery company with 140 employees. The combination with Galapagos' service division BioFocus creates one of the world's largest drug discovery service organizations, with 390 employees, an estimated €70 million in annual turnover and significant profitability. The acquisition also brings additional capacity and drug discovery capabilities to the Galapagos Group. Galapagos has paid €16.5 million cash for Argenta Discovery 2009 Ltd. Argenta's respiratory development programs will continue as a new privately held company, Pulmagen Therapeutics. Galapagos will have no ownership in Pulmagen.**

"Today's acquisition of the services division of Argenta, one of premier players in the segment, creates a true powerhouse in the drug discovery services market. It also provides Galapagos R&D with additional capacity, capabilities and access to respiratory models for our internal R&D efforts," said Onno van de Stolpe, CEO of Galapagos. "This new combined service division builds on our successful cash-generating business model, and it provides more resources to progress our drug pipeline. With a post-transaction cash position of more than €30 million and Galapagos now financially self reliant, we are well capitalized and in a strong position to further build Galapagos into a biotech leader in Europe."

"This acquisition is a winning situation for all parties. Pulmagen is now able to focus its entire resources on moving its therapeutic pipeline through the clinic," said Dr. Chris Ashton, CEO of Pulmagen. "Furthermore, the stellar team that has made Argenta Discovery's services renowned in the drug discovery industry will remain together as an integral part of Galapagos' service division and I am sure they will continue to thrive within the Galapagos environment."

Galapagos has acquired Argenta Discovery's medicinal chemistry, computational chemistry, ADME and biology activities as well as the respiratory models and pharmacokinetics operations through a €16.5 million cash payment, approximately 4.7 x EBIT or 1.2 x annual revenue. The acquired business will be accretive to Galapagos' 2010 Group revenues, result and operational cash flow. The Group's combined service division operations, which will operate under the BioFocus and Argenta brand names, are expected to achieve €70 million in 2010 revenues (including ~€11 million in service contracts by Galapagos). Post-acquisition, Galapagos' service division operations will employ 390 staff in the UK, Switzerland and the US.



The acquired Argenta operations will be run by Dr. John Montana, who will report into Dr. Christopher Newton, Senior Vice President of Galapagos. Dr. Newton was Chief Scientific Officer and Board Director at Argenta Discovery Ltd. from 2000 to 2005, prior to joining BioFocus. Remarking on the acquisition, Dr. Newton said "Being a part of Argenta Discovery from the beginning, I have every confidence in Argenta's strong track record and innovative approach to drug discovery. With this move, we combine forces to create a drug discovery services entity with unparalleled depth and breadth."

#### **Conference call and webcast presentation**

Galapagos will host a conference call open to the public today at 11.00 CET/10.00 GMT, which will also be webcast. To access the webcast, please [click here](#). To participate in the conference call, please call +32 2290 1791, ten minutes prior to commencement. A question and answer session will follow the presentation. The archived webcast also will be available for replay shortly after the close of the call.

#### **About BioFocus and Argenta**

BioFocus' strong expertise and full suite of target-to-drug discovery services and products has afforded a premium positioning in the fast-growing R&D outsourcing market. BioFocus' revenues have grown by 10-15% annually since it was acquired by Galapagos in October 2005, and the division has been profitable since 2008. BioFocus' global client base includes pharmaceutical and biotechnology companies, academic institutions and patient foundations.

Argenta's contract research operation, which include expertise in medicinal chemistry, computer-aided drug discovery, *in vitro* biology, analytics, *in vivo* pharmacokinetics, pharmacology and world leading respiratory models, has a strong reputation for scientific excellence. With current clients such as Antisoma, AstraZeneca, BioTie, Genentech, Novartis and Zafgen, Argenta adds strong industry names to the contract research customer base. While revenue growth rates have been lower than those of BioFocus, Argenta's order book is strong and its margins are among the highest in the industry. Argenta employs 140 people in the UK with its main operations in Harlow, nearby BioFocus' Chesterford Park site.

#### **About Galapagos**

Galapagos is a mid-size biotechnology company specialized in the discovery and development of small molecule and antibody therapies with novel modes-of-action. The Company is progressing one of the largest pipelines in biotech, with four clinical and over 40 discovery/pre-clinical programs. Through risk/reward-sharing alliances with GlaxoSmithKline, Lilly, Janssen Pharmaceutica, Merck & Co. and Roche, Galapagos is eligible to receive up to €3 billion (\$4.5 billion) in downstream milestones, plus royalties. With the acquisition of Argenta, Galapagos now has more than 640 employees and operates facilities in six countries, with global headquarters in Mechelen, Belgium. More info at: [www.glpag.com](http://www.glpag.com)

#### **About Pulmagen Therapeutics**

Pulmagen Therapeutics is a development stage biotechnology company progressing novel therapies to treat chronic respiratory diseases including COPD, severe asthma and cystic fibrosis. These therapies aim to deliver both improved bronchodilator symptomatic relief and treat the



underlying inflammatory disease process. Pulmagen intends to progress its programs through Phase IIa proof-of-concept clinical trials and identify strategic partners for later stage clinical development. The company has partnered respiratory development programs with AstraZeneca, Domantis (GSK) and Dr. Reddy's.

## CONTACTS

### Galapagos NV

Onno van de Stolpe, CEO

Tel: +31 6 2909 8028

Elizabeth Goodwin, Director Investor Relations

Tel: +31 6 2291 6240

[ir@glpg.com](mailto:ir@glpg.com)

### Pulmagen Therapeutics

Chris Ashton, CEO

Tel: +44 7780 60 1189

[Chris.Ashton@argentadiscovery.com](mailto:Chris.Ashton@argentadiscovery.com)

*This release may contain forward-looking statements, including, without limitation, statements containing the words "believes," "anticipates," "expects," "intends," "plans," "seeks," "estimates," "may," "will," "could," "stands to," and "continues," as well as similar expressions. Such forward-looking statements may involve known and unknown risks, uncertainties and other factors which might cause the actual results, financial condition, performance or achievements of Galapagos, or industry results, to be materially different from any historic or future results, financial conditions, performance or achievements expressed or implied by such forward-looking statements. 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. Galapagos expressly disclaims any obligation to update any such forward-looking statements in this document to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based, unless required by law or regulation.*