

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER

Consolidated income statement

Thousands of €	2013	2012
Services revenue	61,272	65,660
R&D revenue	76,427	70,608
Other income	21,849	16,716
Total operating income	159,549	152,984
Services cost of sales	-41,298	-48,179
R&D Expenditure	-99,380	-80,259
General and administrative costs	-26,430	-24,511
Sales and marketing expenses	-2,412	-2,134
Restructuring and integration costs	-1,050	-2,506
Result on divestment		-2,006
Operating profit/loss (-)	-11,020	-6,610
Finance income	2,194	3,820
Finance cost	-2,368	-2,362
Profit/loss (-) before tax	-11,194	-5,152
Taxes	3,115	-569
NET PROFIT/LOSS (-)	-8,079	-5,721
NET PROFIT/LOSS (-) attributable to:		
Owners of the parent	-8,079	-5,721
Basic result per share (in €)	-0.28	-0.22

Consolidated statement of comprehensive income

Exchange difference arising on translating of foreign operations	-824	959
Other comprehensive income	-824	959
Total comprehensive income attributable to:		
Owners of the parent	-8,903	-4,761

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER

Assets

Thousands of €	2013	2012
NON-CURRENT ASSETS	110,721	102,602
Goodwill	39,239	37,667
Intangible assets	7,832	9,424
Property, plant and equipment	19,525	18,099
Deferred tax assets	4,558	1,705
Non-Current tax receivables	39,347	35,288
Available for sale financial assets and other non-current assets	220	419
CURRENT ASSETS	176,653	132,727
Inventories	249	204
Trade and other receivables	19,207	32,494
Current tax receivables	10,625	188
Cash and cash equivalents	141,481	94,647
Other current assets	5,091	5,194
TOTAL ASSETS	287,374	235,329

Equity and liabilities

Thousands of €	2013	2012
TOTAL EQUITY	167,137	118,447
Share capital	154,542	139,347
Share premium account	112,484	72,876
Other reserves	47	
Translation differences	170	994
Accumulated losses	-100,107	-94,770
TOTAL LIABILITIES	120,237	116,882
NON-CURRENT LIABILITIES	7,678	7,868
Pension liabilities	2,189	2,035
Provisions	668	676
Deferred tax liabilities	2,192	2,624
Finance lease liabilities	167	165
Other non-current liabilities	2,462	2,367
CURRENT LIABILITIES	112,559	109,014
Provisions	81	176
Finance lease liabilities	226	240
Trade and other payables	29,365	22,093
Current tax payable	50	3
Other current liabilities	82,838	86,501
TOTAL LIABILITIES AND EQUITY	287,374	235,329

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER

Thousands of €	2013	2012
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	94,647	32,555
Result from operations	-11,020	-6,610
Adjustments for:		
Depreciation of property, plant and equipment	6,036	6,884
Amortization of intangible fixed assets	2,118	2,125
Inventories write off	-1	3
Exchange gain/loss (-) on translation of net assets of subsidiary	-178	-659
Share based compensation	2,742	2,086
Gain (-) / Loss (+) on disposal of business		3,004
Increase/Decrease (-) provisions	-88	-359
Increase/Decrease (-) pension liabilities (assets)	154	609
Profit on disposal of fixed assets		-17
Operating cash flows before movements in working capital	-238	7,066
Increase (-)/Decrease in inventories	-39	291
Increase (-)/Decrease in receivables	1,069	-16,876
Increase/Decrease (-) in payables	2,343	74,249
Cash generated/used (-) in operations	3,136	64,729
Interest paid and other financial costs	-2,529	-471
Taxes	-85	-153
NET CASH FLOWS GENERATED/USED (-) IN OPERATING ACTIVITIES	522	64,104

Thousands of €	2013	2012
Purchase of property, plant and equipment	-7,328	-5,896
Purchase of and expenditure in intangible fixed assets	-545	-940
Proceeds from disposal of intangible assets		20
Proceeds from disposal of property, plant and equipment	65	379
Acquisitions (-), disposals (+) of subsidiaries, associates or joint ventures, net of cash acquired	-1,152	
NET CASH USED IN INVESTING ACTIVITIES	-8,960	-6,437
Repayment of obligations under finance leases and other debts	-308	-477
Proceeds of Capital and Share premium increases, net of issue costs	54,803	2,742
Interest received and other financial income	1,325	1,769
NET CASH GENERATED/USED (-) IN FINANCING ACTIVITIES	55,820	4,034
EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS	-548	391
INCREASE/DECREASE (-) IN CASH AND CASH EQUIVALENTS	46,834	62,092
CASH AND CASH EQUIVALENTS AT END OF YEAR	141,481	94,647

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Thousands of €	Share capital	Share premium account	Translation differences	Other reserves	Accumulated losses	Total
Balance at 1 January 2012	137,460	72,021	35		-91,140	118,376
Net result					-5,721	-5,721
Other comprehensive income			959			959
Total comprehensive income			959		-5,721	-4,762
Share based compensation					2,086	2,086
Exercise warrants	1,887	855				2,742
Other					5	5
Balance at 31 December 2012	139,347	72,876	994		-94,770	118,447
Net result					-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
Exercise warrants	13,429	39,346				52,775
Other	1,766	262				2,028
Balance at 31 December 2013	154,542	112,484	170	47	-100,107	167,137

SEGMENT REPORTING

2013 SEGMENT INFORMATION

	Thousands of €	R&D	Services	Intersegment eliminations	Unallocated costs	Galapagos Group total
MANAGEMENT REPORTING	R&D revenue	72,478				72,478
	Service revenue	3,955	61,250			65,205
	Other Income	11,046	52			11,098
	Grant Income	5,054				5,054
	External revenue	92,533	61,302			153,835
	Internal revenue	4,719	2,508	-7,226		
	Total revenue	97,252	63,810	-7,226		153,835
	Cost of services	-6,919	-41,893	2,318		-46,494
	Gross Margin	90,333	21,917	-4,908		107,341
	Opex	-103,235	-14,887	4,908	-6,133	-119,347
IFRS - RECURRING	MR EBIT	-12,903	7,030		-6,133	-12,006
	MR EBITDA	-9,325	9,640		-5,736	-5,421
	R&D Tax Credits	4,084	1,903			5,987
	Discounting of CIR receivables	-110				-110
	Reversal of Novartis revenue recognition	-197				-197
	Transfer Pricing Effect	2,174	-2,174			
	Warrants	-1,809	-934			-2,743
	IFRS Amortisation	418	-1,168			-750
	IAS19R reclass actuarial gains/losses	-47				-47
	Other effects	63	-260			-197
IFRS - NON RECURRING	IFRS EBIT - RECURRING	-8,327	4,397		-6,133	-10,063
	Restructuring costs	-290	-554		-206	-1,050
	Other Effect on IFRS Non Recurring Result		93			93
	IFRS EBIT	-8,617	3,936		-6,339	-11,020

2012 SEGMENT INFORMATION

	Thousands of €	R&D	Services	Intersegment eliminations	Unallocated costs	Galapagos Group total
MANAGEMENT REPORTING	R&D revenue	65,959				65,959
	Service revenue	4,676	65,766			70,442
	Other Income	10,639				10,639
	Grant Income	2,216				2,216
	External revenue	83,490	65,766			149,256
	Internal revenue	4,145	3,201	-7,347		
	Total revenue	87,635	68,967	-7,347		149,256
	Cost of services	-5,638	-46,378	2,765		-49,250
	Gross Margin	81,997	22,590	-4,582		100,006
	Opex	-85,528	-14,373	4,582	-6,333	-101,653
IFRS - RECURRING	MR EBIT	-3,531	8,217		-6,333	-1,647
	MR EBITDA	896	11,652		-6,333	6,215
	R&D Tax Credits	4,294				4,294
	Discounting of CIR receivables	-300				-300
	Reversal of Novartis revenue recognition	-197				-197
	Transfer Pricing Effect	472	-472			
	Warrants	-1,372	-714			-2,086
	IFRS Amortisation	415	-1,694			-1,279
	Other effects	-327	-557			-884
	IFRS EBIT - RECURRING	-546	4,779		-6,333	-2,099
IFRS - NON RECURRING	Loss on liquidation of Cambridge Drug Discovery Holdings Ltd		-3,004			-3,004
	Basel closing costs		-1,136			-1,136
	Restructuring costs	-1,369				-1,369
	Earn Out Income from Evotec		981			981
	Other Effect on IFRS Non Recurring Result		17			17
	IFRS EBIT	-1,914	1,638		-6,333	-6,610