

Apr 27, 2016

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Alliance Summary

Gilead Sciences to develop and commercialize Galapagos' filgotinib against rheumatoid arthritis and inflammatory disease worldwide

Licensor/Seller: Galapagos NV
Licensee/Buyer: Gilead

Licensor/Seller Parent:
Licensee/Buyer Parent:

Date:	12/2015
Parties:	Biotech / Biotech
Type:	Co-Development, Co-Promotion, License

Stage (at signing): Phase II

Therapeutic Area: Autoimmune/Inflammatory, Gastrointestinal

Press Releases

01/01/2016 Galapagos and Gilead Complete Closing of Their Glo

01/01/2016 Galapagos and Gilead Cleared by U.S. Federal Trade

12/01/2015 Galapagos and Gilead Announce Global Partnership t

Indication:

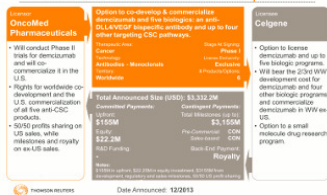
Broad Focus Autoimmune/Inflammatory, IBD - Crohn's Disease, Rheumatoid Arthritis

Technology:

Drug Delivery - Oral, Synthetics

Deal Snapshot:

Option to OMP-21M18 (demcizumab) and up to five other anti-cancer stem cell therapeutics



Smart Summary:

Short summary

- Search results were not independently re-evaluated outside literature before agreement for E14147 and E14203 and a discovery collaboration for phage-borne *Escherichia coli* O157:H7 and *Escherichia coli* O157:H7 isolates for release.
- All the compounds under study are not for human consumption.
- E14147 and E14203 are currently in phase 1 and phase 2b studies.
- Search results were not independently re-evaluated outside literature before agreement, regulatory, commercial and manufacturing activities, though Eudraex will participate in some of these activities during phase 2b.
- The parties will jointly establish a research and development program.
- Search results were not independently re-evaluated for a subsequent clinical, regulatory, commercial and manufacturing activities of any resulting products, though Eudraex will conduct certain activities during phase 2b.
- Search results were not independently re-evaluated for a subsequent clinical, regulatory, commercial and manufacturing studies funding over a three-year research period, as it is a US biotechnology startup company, and the parties will continue to be in contact.
- On 14th December 2013, the parties announced the research collaboration for 10 years including intellectual, following bilateral discussions on 14th December 2013, and 15th December 2013.
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Any ECRs identified following the agreement and approval of the parties shall be subject to a review in the latter party, and should be used as a time measure payment to the parties to be approved for the ECRs kinase inhibitor.

¹Supplement, Eudraex patent interest included, worldwide rights to the approved for ECRs kinase inhibitor, including Eudraex 12, 2013.

FINANCIAL PAYMENTS

Payment Type	Amount	Notes
Deal Size	\$ 2075 M	
Upfront Cash	\$ 300 M	Upfront license fee of \$300 million.
Upfront Equity	\$ 425 M	Upfront equity payment of \$425 million.
R&D Support		
Contingent Equity		
Loan		
Total Milestones	\$ 1350 M	
Dev/Reg Milestones	CON	Development, regulatory and commercial milestone payments up to \$1.35 billion
Sales Milestones	CON	Development, regulatory and commercial milestone payments up to \$1.35 billion
Royalty	20 %	
Profit Split	50 %	Profits would be shared equally.
Transfer Price		

POST-COMMERCIALIZATION

Payment Type: None

Profit Split:
50 % Notes: Profits would be shared equally.

Marketing Fee:

Effective Royalty Rates

Sales	Rate
\$ 200 M	%
\$ 500 M	%
\$ 1 B	%

Royalty:
20 % Notes: Tiered royalties on global sales at 20%.

Transfer Price:

SNAPSHOT:

Filgotinib against rheumatoid arthritis and inflammatory disease

Licensor

Galapagos NV

- Will cofund 20% of global development activities
- Will have an option to copromote filgotinib in UK, Germany, France, Italy, Spain, Belgium, Netherlands and Luxembourg
- Will book sales in Belgium, Netherlands or Luxembourg, if it will exercises its option to co-promote

Rights to develop and commercialize filgotinib against rheumatoid arthritis and inflammatory disease worldwide

Therapeutic Area:
Autoimmune/Inflammatory
Technology:
Small Molecules
Territory:
Worldwide

Stage At Signing:

Phase II

License Exclusivity:

UNKN

Products/Options:

1

Total Announced Size (USD): \$2,075M

Committed Payments:

Upfront:
\$300M

Equity:
\$425M

R&D Funding:

-

Contingent Payments:

Total Milestones (up to):
\$1,350M

Pre-Commercial: **CON**
Sales-based: **CON**

Back-End Payment:

Notes:

\$300M in upfront, \$425M in upfront equity, development, regulatory and commercial milestone payments of \$1.35B, tiered royalties and equal

Licensee

Gilead

- Will have rights to develop and commercialize JAK1 selective inhibitor, filgotinib for rheumatoid arthritis and inflammatory disease worldwide
- Will be responsible for manufacturing and worldwide marketing and sales activities of filgotinib



THOMSON REUTERS

Date Announced: 12/2015

LICENSE

Exclusivity: Unknown

Licensed Use:

Notes:

Licensed Territory: Worldwide

Licensed Country: Worldwide

SMART SUMMARY

- In December 2015, Galapagos entered into an agreement with Gilead Sciences for the development and commercialization of the JAK1 selective inhibitor, filgotinib for rheumatoid arthritis and inflammatory disease worldwide.
- Filgotinib, an oral therapy for patients with rheumatoid arthritis (RA) and Crohn's disease, is currently in a phase II study.
- The companies would start phase III development of filgotinib in RA, whereby Galapagos would cofund 20 percent of global development activities and Gilead would be responsible for manufacturing and worldwide marketing and sales activities of filgotinib.
- Galapagos would have an option to copromote filgotinib in UK, Germany, France, Italy, Spain, Belgium, Netherlands and Luxembourg, in which the parties would share profits equally.
- If Galapagos exercises its option to co-promote in Belgium, Netherlands or Luxembourg, it would book sales in these countries.
- Galapagos would receive an upfront license fee of \$300 million and upfront equity of \$425 million, up to \$1.35 billion milestone payments upon further development, regulatory and commercial achievement, plus tiered royalties starting at 20%.
- The transaction was approved by the boards of both companies, and was subject to customary closing conditions and clearances under the Hart-Scott Rodino Antitrust Improvements Act [1722160].
- In January 2016, Galapagos announced that the US Federal Trade Commission granted an early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvement Acts of 1976 (HSR Act) for the worldwide collaboration on filgotinib with Gilead Sciences and the deal was expected to close by the end of the month.
- Later in January 2016, Galapagos and Gilead Sciences completed their global license and collaboration agreement on filgotinib against rheumatoid arthritis and inflammatory disease.
- The completion triggered a \$300 million upfront license fee to Galapagos, and Gilead made a \$425 million equity investment in Galapagos for new shares at a price of EUR 58 per share, including issuance premium gaining 6,760,701 ordinary shares of Galapagos