



Galapagos Bull Sticks with Positive Outlook

Ticker/Price: GLPG (\$188)

Analysis:

Galapagos NV (GLPG) with 2,000 July \$240 calls opening this morning for \$5.83, trader taking profits on the May \$170 calls and adjusting for further upside. GLPG has seen buyers in the July \$300 calls, 500X, and the December \$310 calls earlier this year, 500X, and both remain in OI looking for significant outperformance in 2020. GLPG pulled back to re-test a big breakout spot around \$120 recently and rebounding strong back above its 200-day MA and 50% marker of the recent move. GLPG has a small volume gap here back to \$210 and positive momentum recently back above the 5-year value area high. The \$10.64B biotech focuses on small molecule medicines with a deep pipeline across RA, Crohn's disease, and ulcerative colitis. Inflammatory conditions like RA remain one of the most sought-after areas in biotech given their wide reach and potential sales peak. Their primary drug is filgotinib which has Phase 3 data due in the 2H. The program is being done in collaboration with Gilead (GILD) who took a notable stake in the company which included a \$1.5B equity investment and \$3.95B private investment. GLPG keeps EU royalties but has 20% remaining to GILD. Short interest is 4%. Hedge fund ownership fell 25% in Q4 but Rock Springs Capital, Aquilo Capital, and Baker Bros holders. GILD has 20.6M shares. Analysts have an average target for shares of \$226. Jefferies upgrading to Buy on 3-30, the analyst is optimistic that the upcoming filgotinib Phase 3 SELECTION ulcerative colitis data will be positive and suspects filgotinib will be at least be on par with Xeljanz' efficacy, but with a potentially best-in-class safety profile. They forecast a \$6B worldwide peak sales. RBC upgrading to Neutral on 3-18, noting that despite some risks their pipeline and strong balance sheet should offer the company greater optionality and staying power.

Hawk Vision:



Hawk's Perspective: GLPG is a name that should be fairly market-agnostic and trade on Co-specific news, a healthy looking Biotech that is a likely long-term winner.

Confidence Ranking: \$\$