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31, 2021

Testo del comunicato

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Media release as at January 21, 2022

Portfolio of BB Biotech AG as at December 31, 2021

2021 was a difficult year for biotech equity markets – increased dividend of CHF 3.85 proposed

The year 2021 was a volatile market environment for all involved in biotechnology investing, including BB Biotech. The biotech and pharmaceutical sector adapted to the SARS-CoV-2 virus pandemic cycling through Delta and now Omicron variants with offers of booster vaccines, therapeutic antibodies and most recently new antiviral drugs. For human health overall, new modalities such as genetic medicines, cell-based therapies and RNA-based drugs continue to make positive strides and are expected to improve the prognosis of severe and chronic diseases in the coming years. For the fourth quarter, that challenging biotechnology equity market resulted in a portfolio loss of 14.2% in CHF, 10.9% in EUR and 12.5% in USD for BB Biotech – driving a net loss of CHF 546 mn. Likewise, the share price depreciated by 8.3% in CHF and 4.7% in EUR. BB Biotech carefully adjusted the portfolio in the last three months of 2021. For the full year, total share return was +8.3% in CHF and +13.3% in EUR, substantially ahead of the portfolio performance of -11.5% in CHF, -7.8% in EUR and -14.2% in USD. The net loss for BB Biotech in 2021 was CHF 405 mn. In line with the stated dividend policy of past years, the Board of Directors' dividend proposal at the Annual General Meeting on March 17, 2022 will be an ordinary dividend of CHF 3.85 per share – which corresponds to a 5% return on the volume-weighted average closing price of BB Biotech shares in December 2021. BB Biotech plans to expand its Board of Directors. Shareholders will therefore be asked to elect Pearl Huang and Laura Hamill at the upcoming Annual General Meeting.

During the last quarter of the year major global equity indices extended their 2021 gains. Many markets achieved new all-time highs even though SARS-CoV-2 infection rates reaccelerated in the last weeks of 2021 due to the rapid spread of the Omicron variant. The Dow Jones (+21.0% in USD), the Dax (+15.8% in EUR), and the SPI (+23.4% in CHF) indices all showed gains for the year in line with the technology dominated Nasdaq Composite (+22.2% in USD). The Nasdaq Biotech Index (NBI) traded flat for the year (0.0% in USD), lagging the broader markets.

Although the SARS-CoV-2 pandemic remained a dominant topic for healthcare authorities in 2021, an impressive array of drug approvals was reported by the US FDA – total drug approvals comprised 50 NDAs and 10 BLAs (vaccines, blood and cell products) for the year. Additionally, multiple SARS-CoV-2 diagnostic tests, vaccines and drugs were granted emergency use authorization (EUA) by the FDA during 2021.

For 2021, BB Biotech's total share return of +8.3% in CHF and +13.3% in EUR trended like European equity indices, better than the biotech indices and deviating from the underlying portfolio performance. Strengthening of the USD versus the CHF and EUR throughout the year created modest support for CHF and EUR-denominated performance. The portfolio Net Asset Value (NAV) declined 11.5% in CHF, 7.8% in EUR and 14.2% in USD for 2021.

For the fourth quarter, BB Biotech's share price declined 8.3% in CHF and 4.7% in EUR. BB Biotech shares proved more resilient than the smaller and mid cap driven correction in the portfolio. BB Biotech's Net Asset Value (NAV) decreased 14.2% in CHF, 10.9% in EUR and 12.5% in USD, while the NBI index decline of 6.9% in USD for the same period.

The consolidated, but not yet audited fourth quarter 2021 data for BB Biotech indicates a net loss of CHF 546 mn versus the 2020 fourth quarter net gain of CHF 665 mn. The consolidated, but not yet audited full year 2021 data showed a net loss of CHF 405 mn compared to a net gain of CHF 691 mn for 2020.

Proposed expansion of the Board of Directors of BB Biotech

On the background of an increasingly challenging environment for the biotechnology industry BB Biotech is extremely happy to nominate Pearl Huang, CEO of Cygnal Therapeutics, and Laura Hamill, former Executive Vice President Worldwide Commercial Operations for Gilead, for election to the Board of Directors of BB Biotech AG. At the scheduled upcoming annual general assembly, all four existing board members will stand for re-election by the shareholders on March 17, 2022. Thus, the Board of Directors of BB Biotech is proposed to be enlarged to six members.

A proposed dividend of CHF 3.85 per share

The Board of Directors will propose a regular dividend of CHF 3.85 per share at the AGM on March 17, 2022. Applied to the average share price of December 2021 and consistent with the dividend policy introduced in 2013, and corresponding to a 5% dividend yield.

Portfolio adjustments in the fourth quarter 2021

During the fourth quarter, the investment team made no new investments but focused on careful adjustments of existing portfolio positions. Smaller additions to existing portfolio positions were undertaken in the fourth quarter in oncology-focused companies including Relay Therapeutics, MacroGenics and Fate Therapeutics. Similarly, further shares were acquired in commercial (Neurocrine and Myovant) and in genetic medicines companies (Wave Life Sciences, Generation Bio and Ionis). Some share profits were taken in Intra-Cellular with the FDA's approval for Caplyta to treat bipolar disorder patients. Moderna's valuation experienced significant volatility in the last quarter 2021, as investors analyzed different scenarios for the Omicron variant. The investment team took advantage of these swings with short-term trading activity, realizing further profits. Altogether, additional investments combined with a declining equity base led to an increase in the BB Biotech investment level by around 4% compared to the third quarter, ending 2021 at 111%.

Outlook for 2022 with exciting sector fundamentals and anticipated M&A activities

BB Biotech believes that 2022 will include the continued global vaccination strategies to fight the spread of SARS-CoV-2 variants, including Omicron. Expectations that Omicron could be the "final" severe variant may prove to be premature. With the vaccine and drug industry able to adapt quickly, companies such as Moderna are expected to remain responsive to current and future variants, while at the same time widening their focus on longer term pipeline strategies beyond COVID-19.

BB Biotech continues to strive for a balanced portfolio between more established mid cap companies and technology leading earlier stage companies. It anticipates that the industry will continue to deliver significant progress for both. Product launches such as Vyvgart from Argenx for the treatment of gMG patients or Caplyta from Intra-Cellular for the treatment of bipolar disorder patients will be yardsticks not only for these companies but for the sector as a whole. For development stage companies, managing the vast number of clinical trials will continue to be a challenge in the current COVID-19-restricted environment. BB Biotech's exposure to oncology development stage companies will be geared towards many clinical trial read outs during 2022.

With smaller and mid cap company valuations substantially lower than one year ago, the investment team sees compelling re-entry opportunities. Similarly, the more established mid cap portfolio companies such as Neurocrine, Incyte and Ionis own attractive assets and technology, which can trigger renewed interest from new investors – or from strategic partners as M&A targets.

Clinical candidates based on new technologies such as genetic medicines are making progress. Crispr Therapeutics together with its development partner Vertex are planning a regulatory submission by late 2022 for CTX001 to treat beta thalassemia and sickle cell patients. Thus, an ex vivo gene editing product could become available as early as 2023 – reviving investors’ interest in the field. Other RNA targeting medicines will be launched in the next 12 to 24 months including products from Alnylam and Ionis. As always, investors will weigh potential implications from US government policymakers associated with midterm elections in late 2022.

BB Biotech’s long-term horizon and structure enables careful investment that does not follow broad market opinions. The highly specialized investment team at BB Biotech believes that the growth case for biotechnology and valuations for portfolio companies are both compelling. The investment team anticipates that following two years dominated by SARS-CoV-2 headlines, 2022 will include advance of the industry to the severe and chronic diseases that continue to demand perennial progress.

The complete annual report as of December 31, 2021, will be published on February 18, 2022.

For further information:

Investor Relations

Bellevue Asset Management AG, Seestrasse 16, 8700 Küsnacht, Switzerland, tel. +41 44 267 67 00
Dr. Silvia Siegfried-Schanz, ssc@bellevue.ch
Maria-Grazia Iten-Alderuccio, mga@bellevue.ch
Claude Mikkelsen, cmi@bellevue.ch

Media Relations

Bellevue Asset Management AG, Seestrasse 16, 8700 Küsnacht, Switzerland, tel. +41 44 267 67 00
Tanja Chicherio, tch@bellevue.ch

TE Communications AG, Bleichstrasse 11, 9000 St. Gallen, Switzerland, tel. +41 79 423 22 28
Thomas Egger, teg@te-communications.ch

www.bbbiotech.com

Company profile

BB Biotech AG is an investment company registered in Schaffhausen/Switzerland and listed on the Swiss, German and Italian stock exchanges. It has invested in innovative drug developers headquartered primarily in the US and Western Europe. BB Biotech is one of the world’s largest investors in this sector. BB Biotech relies on the long-standing experience of its distinguished Board of Directors and the investment research skills of the experienced investment management team of Bellevue Asset Management AG when making its investment decisions.

Disclaimer

This release contains forward-looking statements and expectations as well as assessments, beliefs and assumptions. Such statements are based on the current expectations of BB Biotech, its directors and officers, and are, therefore, subject to risks and uncertainties that may change over time. As actual developments may significantly differ, BB Biotech and its directors and officers accept no responsibility in that regard. All forward-looking statements included in this release are made only as of the date of this release and BB Biotech and its directors and officers assume no obligation to update any forward-looking statements as a result of new information, future events or other factors.

Composition of BB Biotech's portfolio as of December 31, 2021

(in % of securities, rounded values)

Moderna	10.6%
Argenx SE	8.5%
Ionis Pharmaceuticals	7.8%
Neurocrine Biosciences	6.4%
Vertex Pharmaceuticals	5.7%
Fate Therapeutics	5.4%
Incyte	5.3%
Alnylam Pharmaceuticals	4.7%
Intra-Cellular Therapies	4.6%
Arvinas	4.5%
Agios Pharmaceuticals	3.6%
Sage Therapeutics	3.4%
Relay Therapeutics	3.1%
Biogen	3.0%
Macrogenics	2.9%
Myovant Sciences	2.4%
Revolution Medicines	2.2%
Kezar Life Sciences	2.1%
Crispr Therapeutics	1.8%
Essa Pharma	1.8%
Scholar Rock Holding	1.4%
Radius Health	1.3%
Exelixis	1.3%
Beam Therapeutics	1.2%
Molecular Templates	1.1%
Nektar Therapeutics	0.9%
Generation Bio Co.	0.7%
Mersana Therapeutics	0.6%
Esperion Therapeutics	0.6%
Black Diamond Therapeutics	0.5%
Wave Life Sciences	0.4%
Homology Medicines	0.2%
Alder Biopharmaceuticals – CVR	0.1%
Total securities	CHF 3 641.1 mn
Other assets	CHF 3.0 mn
Other payables	CHF (360.6) mn
Net Asset Value	CHF 3 283.5 mn

Fine Comunicato n.0472-4

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