

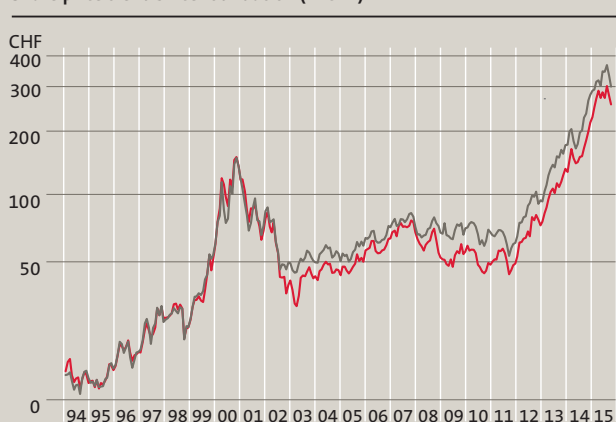
Interim Report as at September 30, 2015

**B|B Biotech**

## Multi-year comparison

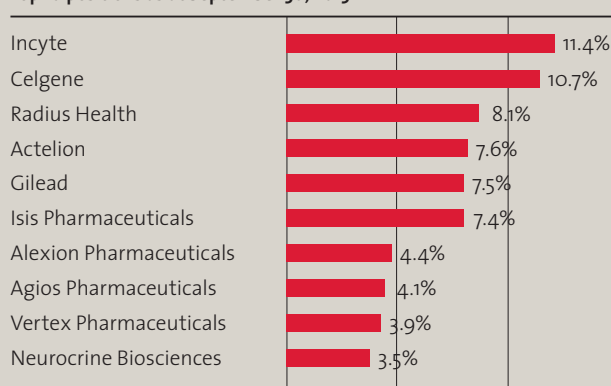
	09/30/2015	2014	2013	2012	2011
Market capitalization at the end of the period (in CHF mn)	3 075.1	2 799.0	1 668.5	1 150.5	1 017.0
Net Asset Value at the end of the period (in CHF mn)	3 458.1	3 492.5	2 118.9	1 234.0	1 001.7
Number of shares (in mn)	11.9	11.9	11.9	13.0	16.4
Trading volume (in CHF mn)	5 333.8	3 186.6	1 289.3	948.9	775.9
Profit/(loss) (in CHF mn)	141.4	1 470.1	931.8	367.8	(65.1)
Closing price at the end of the period in CHF	259.50	236.20	140.80	88.50	62.00
Closing price (D) at the end of the period in EUR	240.00	198.00	115.20	72.55	50.98
Closing price (I) at the end of the period in EUR	238.00	196.70	115.40	72.90	51.00
Stock performance (incl. distributions)	13.8%	75.1%	66.0%	42.7%	5.6%
High/low share price in CHF	351.25/232.40	240.80/133.70	146.90/89.50	96.80/62.00	67.40/43.15
High/low share price in EUR	330.10/196.95	199.90/109.10	119.70/73.45	80.24/50.55	55.00/39.30
Premium/(discount) (annual average)	(17.5%)	(22.1%)	(23.1%)	(21.3%)	(19.6%)
Dividend / cash distribution in CHF	N.A.	11.60	7.00	4.50	0.00
Degree of investment (quarterly figures)	100.2%	104.6%	104.5%	109.0%	112.3%
Total Expense Ratio (TER) p.a.	1.13%	1.14%	1.02%	1.69%	1.02%

## Share price trend since foundation (in CHF)

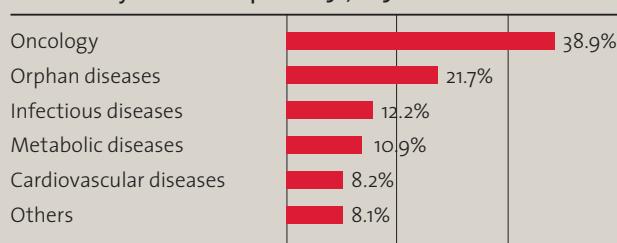


■ BB Biotech share ■ BB Biotech Net Asset Value  
Source: Bloomberg, 09/30/2015

## Top 10 positions as at September 30, 2015



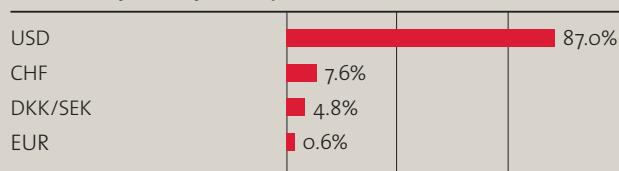
## Breakdown by sector as at September 30, 2015



## Performance (adjusted for distributions, in local currency)

As of 09/30/2015	YTD	3 years	5 years	11/15/93
Switzerland	+13.8%	+209.0%	+446.2%	+1493%
Germany	+25.6%	+244.1%	+566.1%	N.A.
Italy	+25.3%	+242.8%	+560.9%	N.A.

## Breakdown by currency as at September 30, 2015



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Picture: Illustration of blood capillaries

## Dear shareholders

The third quarter proved to be difficult for the global equity markets. With the emerging equity market correction continuing well into the third quarter and the US Federal Reserve bank once more pushing out its rate increase decision, global market indices lost ground and turned negative for the year. The MSCI World Equity Index lost in USD 8.3% in this period, the S&P 500 corrected by 6.4% in USD, the SMI 2.9% in CHF and the DAX 11.7% in EUR. Since the beginning of the year, key equity benchmarks all lost value, such as the MSCI World Equity Index down USD 5.6%, the S&P 500 down 5.3% in USD, the SMI down 2.4% in CHF and the DAX down 1.5% in EUR.

The biotechnology equity markets weathered these general turbulences very well given continued strong business execution, M&A activity and many equity portfolios maintaining their growth orientation. In mid-September, the biotech sector sold off more than 20% in two weeks given renewed debate over US drug pricing regulations. One important agenda item once again raised in the ongoing US presidential election campaigns involves health-care access and high drug costs. Although selected specialty pharmaceutical companies were called upon to consider their aggressive drug pricing, all drug development companies were sold off.

BB Biotech, with its focus on investing in innovative research and development companies, considered the correction as overdone and therefore invested its cash quota, which amounted to around CHF 200 mn in late July. A lower single digit percentage leverage was also added in late September. Most of the cash was invested in existing large and mid-cap positions trading at very attractive valuations and to a minor degree in two new companies – Esperion and Prothena.

BB Biotech's third quarter performance, measured as the Net Asset Value (NAV), was a negative 14.2% in CHF, 17.9% in EUR and 17.7% in USD. This was in line with the sector with the NBI losing 17.9% in USD. BB Biotech's share price held up better and corrected 6.3% in CHF, 9.5% in EUR and 10.1% in USD. The third quarter portfolio performance led to a third quarter net loss of CHF 575 mn, compared to a gain of CHF 483 mn for the same period last year.

### Nine months 2015 performance

For the nine months of 2015, BB Biotech's total return for shareholders was a positive 13.8% in CHF, 25.6% in EUR and 16.0% in USD. For the same period, the NAV gained 3.7% in CHF, 14.4% in EUR and 5.7% in USD, with all these parameters including the cash distribution of CHF 11.60 per share.

The resulting net profit for the first nine months of 2015 amounts to CHF 141 mn – compared to a net profit of CHF 744 mn for the same period of the previous year. BB Biotech's assets per end of September amount to CHF 3.46 bn, a slight decline over the end of 2014 value of CHF 3.49 bn.

BB Biotech continued its share repurchase program in the third quarter and bought back 52 873 shares of BB Biotech over the second trading line. Since the initiation of this share repurchase program 687 598 shares have so far been repurchased representing about a 58% completion rate.

## Significant progress of the portfolio companies

With the NAV performance in the third quarter of 2015 being negative, many portfolio holdings nevertheless reported significant progress such as product approvals, updates on clinical trials, and good financial results for the first six months of 2015. The fundamental strength of the sector was proven by most of the second quarter results from the large-cap companies. Gilead, Celgene and Amgen all delivered solid financial results for the first six months of 2015, and confirmed or increased revenue and profit guidance for the year. In contrast, Biogen Idec experienced a sharp share price correction by not holding up to the previously announced 2015 revenue and profit guidance.

With increased overall market volatility, BB Biotech's mid-cap exposure experienced significant performance swings, both to the upside and downside. Incyte and Radius were two highlights in the mid-cap portfolio achieving share price gains in a challenging equity market. Radius, beginning its registration process for Abaloparotide-SC for the treatment of osteoporosis, has reported initial safety findings from its early stage SERD program RAD1901 for the treatment of breast cancer patients, with clinical activity to be reported soon at a medical conference. Incyte announced further progress with its lead inflammatory product baricitinib, a Jaki1/2 inhibitor in development with Eli Lilly, with a further positive Phase III study for treating rheumatoid arthritis patients. Investors' focus is much more on epacadostat, an IDO-1 inhibitor, where early data in combination with both checkpoint inhibitors from the CTLA4 and PD1 class indicate clinical activity. Many mid-caps such as Agios and Halozyme experienced sharp drops in their valuations, often without any fundamental updates. Some of these significant price moves have been driven by fund flows turning negative for the sector as well as an increase in short selling, thus investors speculating on sinking share prices in the future. Tetrphase on the other hand announced a failed Phase III study for Eravacycline leading to a subsequent loss of more than 75% in market cap.

Further new products approvals were achieved in the third quarter through the biotech industry. Within BB Biotech portfolio holdings, the following products were approved in key markets such as the US and the EU:

- US approval of Praluent (alirocumab) from Regeneron/Sanofi to treat certain patients with high cholesterol
- US approval of Orkambi (lumacaftor 200 mg/ivacaftor 125 mg) from Vertex to treat cystic fibrosis patients carrying two copies of F508del mutations
- US approval of Varubi (rolapitant) from Tesaro for nausea and vomiting associated with cancer therapy
- EU positive CHMP opinion for Elocta (rFVIII Fc) from Swedish Orphan Biovitrum for the treatment of hemophilia A
- US approval of Tresiba (insulin degludec) from Novo Nordisk for treating diabetes in adults

For the same period, important Phase III study results were announced by some of our portfolio companies, including:

- Novo Nordisk announced superiority for Semaglutide against Bydureon (Astra Zeneca) on blood glucose lowering and weight loss
- Gilead announced high cure rates for its fix dose combination of Sofosbuvir (SOF) and Velpatasvir (VEL) for the treatment of all six hepatitis C genotypes

- Tetrphase announced not having achieved its primary end-point with Eravacycline in complicated urinary tract infection

In contrast to the flurry of milestones reached, takeover activities experienced a pause in the third quarter, with fewer transactions announced. Besides proving the often cyclical behavior of the acquirers, another recent trend observed is that more and more mid and larger cap takeover targets are not accepting the acquisition terms.

#### Portfolio adjustments in the third quarter

The most substantial shift in the portfolio between end of June and end of September was the cash management. With the CHF 133 mn cash announced per end of the second quarter, BB Biotech realized the remaining gains of its Receptos holding following its acquisition by Celgene. This led to peak cash levels at the end of July of around CHF 200 mn net cash. Given the mentioned equity market corrections, BB Biotech reinvested around CHF 290 mn in the market using the generated cash and adding an additional CHF 90 mn of borrowed capital. The investment allocation was mostly towards large and selected mid-cap companies already in the portfolio and to a lesser degree to two new holdings. Both Esperion and Prothena fit well with BB Biotech's strategy of expanding its exposure to the mid-cap biotech universe.

Esperion is developing ETC-1002, an ATP citrate lyase inhibitor for the reduction of LDL levels in patients not tolerating statins or as add-on therapy to statins for patients not adequately controlled for cholesterol levels. The company plans to initiate registration studies in 2016.

Prothena's lead program NEOD001 is developed for AL amyloidosis, the most common form of systemic amyloidosis. Cells in the bone marrow overproduce light chains that can be deposited in peripheral organs such as the heart, kidney, liver, skin, gastrointestinal tract and even nerve cells. Prothena's monoclonal antibody targets the amyloid that is accumulated in AL amyloidosis, with the company testing NEOD001 in a registrational study.

Additionally to the Receptos position, the remaining small positions in both Theravance and Theravance Biopharma were sold early in the third quarter.

We thank you for the trust you have placed in the company.

The Board of Directors of BB Biotech AG



Dr. Erich Hunziker, Chairman



Dr. Clive Meanwell



Prof. Dr. Dr. Klaus Strein

#### Portfolio drivers and milestones until year end 2015

Although healthcare equity markets are likely to be affected by further US political campaign headlines concerning healthcare reform and price controls, investor reaction is expected to be more rational and selective. Investors will carefully monitor the Q3 results for sales revenue achieved from the recently introduced products with a big emphasis on large product classes such as the PCSK9 antibodies as well as the dynamic and continued multi-billion dollar HCV market.

BB Biotech's investment strategy continues to first identify high unmet medical needs being addressed with innovative new products based on extensive research and development efforts and second by companies well managed and allowing us to generate attractive returns for our shareholders. These products will continue to be rewarded by the healthcare system due to the differentiated and significant efficacy and safety benefits that enable them to provide value to the healthcare providers and system.

The investment portfolio continues to reflect a balance between large and established companies, mid-caps well positioned to become future large-cap companies with sustainable revenue and profits, and smaller capitalized companies with attractive pipeline assets that could develop into the next generation mid-cap companies.

With 2015 being well advanced, BB Biotech expects many more clinical trial results and important medical meeting updates for the fourth quarter. Further product approvals are expected from the portfolio holdings before year end, including:

- Upravi (selexipag) from Actelion to treat pulmonary arterial hypertension patients
- Kanuma (sebelipase alpha) from Alexion to treat lysosomal acid lipase deficiency
- Strensiq (asphotase alpha) from Alexion to treat hypophosphatasia
- Tenofovir alafenamide fumarate (TAF), a novel nucleotide reverse transcriptase inhibitor from Gilead to treat HIV-infected patients

The valuations of the large-cap companies have reached average 2016 price to earnings multiples similar to the S&P 500, which is back to the lowest relative levels over the last years. BB Biotech is confident that the strong fundamentals of the sector, and even more so of its portfolio holdings, will be adequately reflected over time.



## Participations as at September 30, 2015

Company	Number of securities	Change since 12/31/2014	Local currency	Share price	Market value in CHF mn	In % of securities	In % of shareholders' equity	In % of company
Incyte	3 750 406	(301 461)	USD	110.33	403.4	11.4%	11.7%	2.1%
Celgene	3 589 298	(125 000)	USD	108.17	378.5	10.7%	10.9%	0.5%
Radius Health	4 272 140	1 520 000	USD	69.31	288.7	8.1%	8.3%	10.4%
Actelion	2 180 024	(109 361)	CHF	123.70	269.7	7.6%	7.8%	1.9%
Gilead	2 774 596	(171 000)	USD	98.19	265.6	7.5%	7.7%	0.2%
Isis Pharmaceuticals	6 634 838	658 312	USD	40.42	261.4	7.4%	7.6%	5.5%
Alexion Pharmaceuticals	1 034 428	362 000	USD	156.39	157.7	4.4%	4.6%	0.5%
Agios Pharmaceuticals	2 109 921	245 000	USD	70.59	145.2	4.1%	4.2%	5.6%
Vertex Pharmaceuticals	1 365 445	11 000	USD	104.14	138.6	3.9%	4.0%	0.6%
Neurocrine Biosciences	3 171 552	85 000	USD	39.79	123.0	3.5%	3.6%	3.7%
Medivation <sup>1)</sup>	2 581 112	(188 300)	USD	42.50	106.9	3.0%	3.1%	1.6%
Novo Nordisk	1 893 770	(155 000)	DKK	358.20	99.1	2.8%	2.9%	0.1%
Regeneron Pharmaceuticals	205 000	7 000	USD	465.14	93.0	2.6%	2.7%	0.2%
Halozyme Therapeutics	6 929 832	104 300	USD	13.43	90.7	2.6%	2.6%	5.4%
Alnylam Pharmaceuticals	1 132 499	381 211	USD	80.36	88.7	2.5%	2.6%	1.3%
Swedish Orphan Biovitrum	5 622 967	(1 202 782)	SEK	110.40	72.2	2.0%	2.1%	2.1%
Novavax	8 330 000	430 000	USD	7.07	57.4	1.6%	1.7%	3.1%
Clovis Oncology	618 188	–	USD	91.96	55.4	1.6%	1.6%	1.6%
Juno Therapeutics	1 305 000	1 305 000	USD	40.69	51.8	1.5%	1.5%	1.3%
Cempra	1 891 900	1 116 900	USD	27.84	51.3	1.4%	1.5%	4.3%
Alder Biopharmaceuticals	1 510 150	1 510 150	USD	32.76	48.2	1.4%	1.4%	3.5%
Tesaro	1 154 582	450 000	USD	40.10	45.1	1.3%	1.3%	2.9%
Kite Pharma	750 000	750 000	USD	55.68	40.7	1.1%	1.2%	1.7%
Puma Biotechnology	521 991	–	USD	75.36	38.3	1.1%	1.1%	1.6%
Intercept Pharmaceuticals	210 719	210 719	USD	165.86	34.1	1.0%	1.0%	0.9%
PTC Therapeutics	1 302 912	75 000	USD	26.70	33.9	1.0%	1.0%	3.8%
ProbiDRUG	1 050 784	(950)	EUR	20.00	22.9	0.6%	0.7%	15.5%
Infinity Pharmaceuticals	2 700 737	380 000	USD	8.45	22.2	0.6%	0.6%	5.5%
Esperion Therapeutics	908 542	908 542	USD	23.59	20.9	0.6%	0.6%	4.0%
Prothena Corp.	320 000	320 000	USD	45.34	14.1	0.4%	0.4%	1.0%
Tetraphase Pharmaceuticals	1 482 114	180 000	USD	7.46	10.8	0.3%	0.3%	4.1%
Achillion Pharmaceuticals	1 279 340	200 000	USD	6.91	8.6	0.2%	0.2%	0.9%
Radius Health warrants, 04/23/2018	107 114	–	USD	56.76	5.9	0.2%	0.2%	
Radius Health warrants, 02/19/2019	71 409	–	USD	57.64	4.0	0.1%	0.1%	
Merck & Co Inc contingent value rights – ex Trius/Cubist	545 927	–	USD	0.00	–	0.0%	0.0%	
<b>Total securities</b>					<b>3 548.4</b>	<b>100.0%</b>	<b>102.6%</b>	
Other assets					3.8		0.1%	
Other payables					(94.1)		(2.7%)	
<b>Net asset value</b>					<b>3 458.1</b>		<b>100.0%</b>	
BB Biotech registered shares <sup>2)</sup>	740 098	172 890			192.1			6.2%

<sup>1)</sup> Share split 2:1 as at September 16, 2015<sup>2)</sup> Correspond to the total of all own shares held including the second trading line

Exchange rates as at 09/30/2015:

USD/CHF: 0.9749; DKK/CHF: 14.60950; EUR/CHF: 1.09006; SEK/CHF: 11.62630

# Investment strategy

**BB Biotech invests in fast-growing biotechnology companies that are developing and marketing innovative drugs. It focuses on biotech companies whose products address areas of significant unmet medical needs and that are generating above-average sales and profit growth. With an aggregate weighting of more than 90%, listed companies account for most of its portfolio investments. These are primarily profitable mid- and large-cap companies as well as smaller biotech companies with attractive R&D pipelines, preferably with products already in the final stages of clinical development. A total return of 15% p.a. over a medium to longer-term investment horizon is targeted.**

## Focus on equity investments

The asset classes available to BB Biotech are direct investments in the shares of listed companies, equity interests in unlisted companies, corporate bonds, and options on a range of underlying assets. BB Biotech invests almost exclusively in stocks for liquidity and risk/return reasons. Investments in private companies can account for no more than 10% of the portfolio. These investments will generally be increased if stock markets advance over a longer period of time. Corporate bonds are an alternative primarily when stock market trends are negative. Options on the stocks of portfolio companies will be bought and sold at opportune times and as a means of hedging currency exposure.

## Fundamental, bottom-up investment process

Exhaustive, multi-stage due diligence precedes the selection of individual investments. We must have a thorough understanding of every company we invest in. Before an investment is made, the team analyzes a company's financial statements in detail and assesses its competitive environment, R&D pipeline, and patent portfolio as well as its customers' perceptions of its products and services. Close contact with company executives is of high importance to us in this due diligence process, but also afterwards, as we strongly believe that it takes strong leaders to achieve strong results. Having such a profound understanding of the companies in its portfolio improves BB Biotech's investment tactics, allowing it, for example, to exit a position in a timely fashion if there are signs of a significant deterioration in a company's fundamentals.

BB Biotech relies on the long-standing experience of its distinguished Board of Directors and on the fundamental analysis of the experienced management team of Bellevue Asset Management Group when making its investment decisions. It can also turn to an extensive international network of physicians and specialists in individual sub-segments of the biotech industry for further support and advice. The management team creates detailed financial models for all portfolio holdings and they must provide compelling arguments that these holdings have the potential to double in value over a four-year time frame. Upside potential is driven in most cases by the power of innovation, the launch of new products for serious or significant illnesses and successful company management.

## Portfolio with clear areas of focus

BB Biotech's investment portfolio will usually consist of 20 to 35 biotechnology companies. This will include five to eight large core positions, which together will account for up to two-thirds of the portfolio. Due to their substantial portfolio weighting, the core portfolio companies must have sound business models and be generating both revenues and profits. No single core position will have a weighting of more than 25%. Smaller positions will be taken in innovative biotech companies with promising R&D pipelines.

Europe's biotech sector has produced few truly attractive investment opportunities in recent years, but there has been a wide variety of fast-growing companies to choose from in the USA. This situation is also reflected in BB Biotech's portfolio. As a result of our fundamental stock-picking approach, about three-quarters of the current portfolio companies are based in the USA. BB Biotech has also taken a stake in the structural growth opportunities that emerging markets offer by investing in Indian biotech companies.

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*BB Biotech's investment portfolio will usually consist of 20 to 35 biotechnology companies. This will include five to eight large core positions, which together will account for up to two-thirds of the portfolio.*

”

## S-curve concept

New investments in mid-cap companies will have a weighting of between 1% and a maximum of 5% to ensure that both upside potential and R&D risks are adequately addressed. Technically, BB Biotech has the flexibility to increase portfolio weightings considerably. Smaller positions may become a top holding as their business develops and milestones such as positive Phase III outcomes, drug approvals, the successful marketing of products and a sustainable flow of profits are achieved. The top holdings are continually monitored, taking into account their valuations, growth potential and other aspects, and will be reduced if and when appropriate.



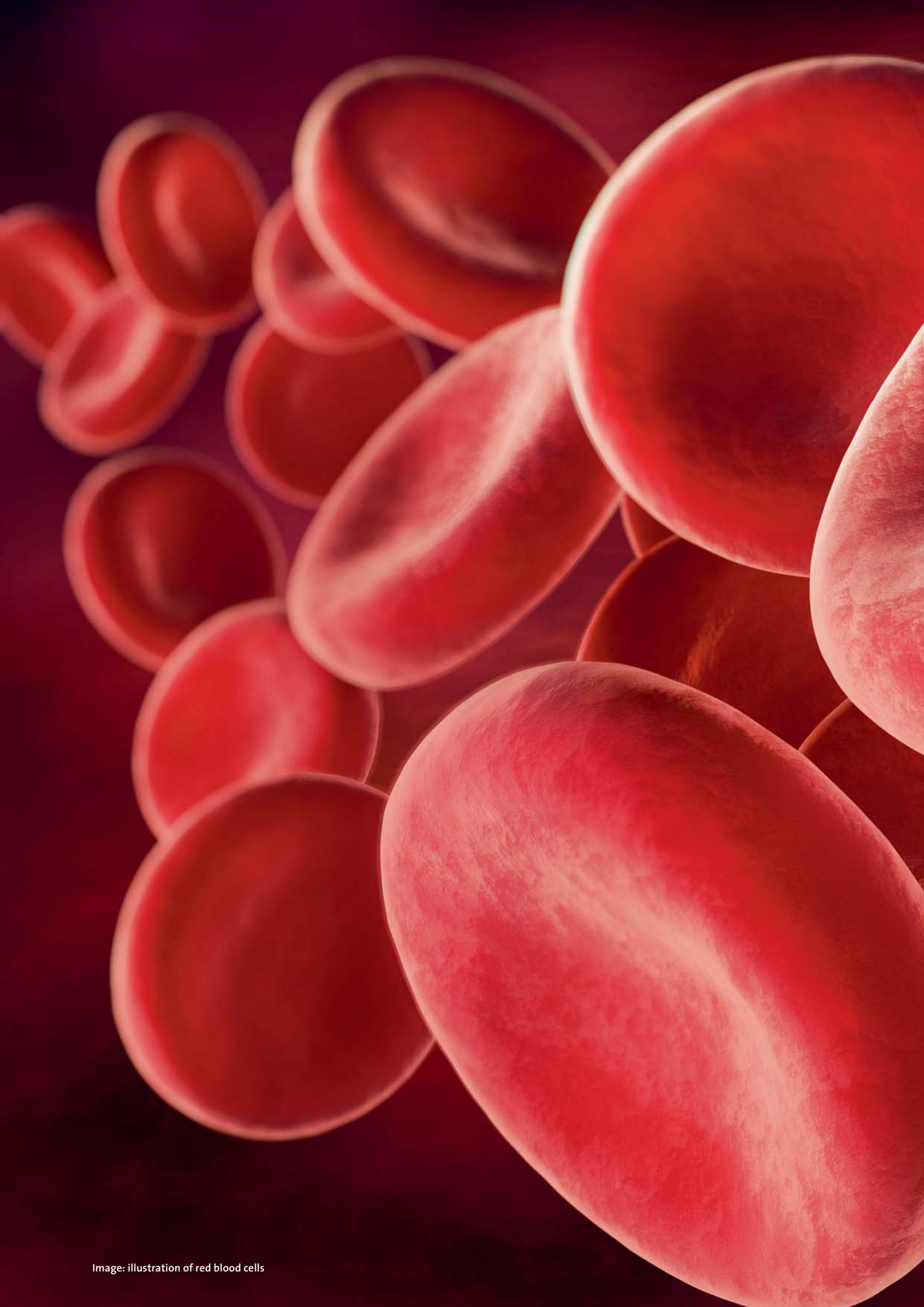


Image: illustration of red blood cells

**Consolidated balance sheet**

(in CHF 1 000)

	Notes	09/30/2015	12/31/2014
<b>Current assets</b>			
Cash and cash equivalents		3 761	8 968
Securities at fair value through profit or loss	4	3 548 401	3 523 824
Other assets		69	1
		<b>3 552 231</b>	<b>3 532 793</b>
<b>Total assets</b>		<b>3 552 231</b>	<b>3 532 793</b>
<b>Current liabilities</b>			
Short-term borrowings from banks	5	60 000	30 000
Payables to brokers		29 665	6 729
Other short-term liabilities		4 309	3 336
Tax liabilities		163	203
		<b>94 137</b>	<b>40 268</b>
<b>Total liabilities</b>		<b>94 137</b>	<b>40 268</b>
<b>Shareholders' equity</b>			
Share capital	6	11 850	11 850
Treasury shares	6	(126 995)	(77 670)
Retained earnings		3 573 239	3 558 345
		<b>3 458 094</b>	<b>3 492 525</b>
<b>Total liabilities and shareholders' equity</b>		<b>3 552 231</b>	<b>3 532 793</b>
Net asset value per share in CHF		311.25	309.55

The notes on pages 12 to 16 are an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements were approved by the Board of Directors on October 14, 2015.

**Consolidated statement of comprehensive income**

(in CHF 1 000)

	Notes	01/01/–09/30/2015	01/01/–09/30/2014	07/01/–09/30/2015	07/01/–09/30/2014
<b>Operating income</b>					
Gains from marketable securities	4	168 754	758 836	–	488 735
Interest income		1	3	–	1
Dividend income		5 821	5 490	801	416
Foreign exchange gains net		–	–	1 805	382
Other income		1 089	2	1	–
		<b>175 665</b>	<b>764 331</b>	<b>2 607</b>	<b>489 534</b>
<b>Operating expenses</b>					
Losses from marketable securities	4	–	–	567 015	–
Finance expenses		66	436	3	168
Foreign exchange losses net		1 301	511	–	–
Administrative expenses	7	28 773	16 028	9 929	5 637
Other expenses		4 090	3 424	1 059	910
		<b>34 230</b>	<b>20 399</b>	<b>578 006</b>	<b>6 715</b>
<b>Operating income before tax</b>	<b>8</b>	<b>141 435</b>	<b>743 932</b>	<b>(575 399)</b>	<b>482 819</b>
Income taxes		(22)	(38)	(7)	–
<b>Net income for the period</b>		<b>141 413</b>	<b>743 894</b>	<b>(575 406)</b>	<b>482 819</b>
<b>Total comprehensive income for the period</b>		<b>141 413</b>	<b>743 894</b>	<b>(575 406)</b>	<b>482 819</b>
Income per share in CHF		12.65	65.60	(51.58)	42.66
Diluted income per share in CHF		12.64	65.58	(51.56)	42.65

The notes on pages 12 to 16 are an integral part of these condensed consolidated interim financial statements.

**Consolidated statement of changes in equity**

(in CHF 1 000)

	Share capital	Treasury shares	Retained earnings	Total
<b>Balances at January 1, 2014</b>	<b>11 850</b>	<b>(57 582)</b>	<b>2 164 604</b>	<b>2 118 872</b>
Cash distribution	–	–	(79 429)	(79 429)
Trade with treasury shares (incl. change in balance)	–	(12 745)	1 464	(11 281)
Share-based remuneration	–	–	63	63
Total comprehensive income for the period	–	–	743 894	743 894
<b>Balances at September 30, 2014</b>	<b>11 850</b>	<b>(70 327)</b>	<b>2 830 596</b>	<b>2 772 119</b>
<b>Balances at January 1, 2015</b>	<b>11 850</b>	<b>(77 670)</b>	<b>3 558 345</b>	<b>3 492 525</b>
Cash distribution	–	–	(130 079)	(130 079)
Trade with treasury shares (incl. change in balance)	–	(49 325)	3 472	(45 853)
Share-based remuneration	–	–	88	88
Total comprehensive income for the period	–	–	141 413	141 413
<b>Balances at September 30, 2015</b>	<b>11 850</b>	<b>(126 995)</b>	<b>3 573 239</b>	<b>3 458 094</b>

The notes on pages 12 to 16 are an integral part of these condensed consolidated interim financial statements.

**Consolidated statement of cash flow**

(in CHF 1 000)

	Notes	01/01/–09/30/2015	01/01/–09/30/2014
<b>Cash flows from operating activities</b>			
Proceeds from sales of securities	4	962 766	500 864
Purchase of securities	4	(800 653)	(473 402)
Dividend receipts		5 821	5 490
Interest receipts		1	3
Interest payments		(66)	(436)
Payments for services		(30 807)	(17 668)
Income taxes paid		(36)	(276)
<b>Total cash flows from operating activities</b>		<b>137 026</b>	<b>14 575</b>
<b>Cash flows from financing activities</b>			
Cash distribution		(130 079)	(79 429)
Proceeds from sales of treasury shares	6	101 607	43 328
Purchase of treasury shares	6	(142 460)	(60 773)
Borrowing of bank loans	5	30 000	65 000
<b>Total cash flows from financing activities</b>		<b>(140 932)</b>	<b>(31 874)</b>
Foreign exchange difference		(1 301)	(511)
<b>Change in cash and cash equivalents</b>		<b>(5 207)</b>	<b>(17 810)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>8 968</b>	<b>43 699</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>3 761</b>	<b>25 889</b>
Cash and cash equivalents		3 761	25 889
<b>Cash and cash equivalents at the end of the period</b>		<b>3 761</b>	<b>25 889</b>

The notes on pages 12 to 16 are an integral part of these condensed consolidated interim financial statements.

## 1. The Company and its principal activity

BB Biotech AG (the Company) is listed on the SIX Swiss Exchange, in the “Prime Standard Segment” of the German Exchange as well as in the “Star Segment” of the Italian Exchange and has its registered office in Schaffhausen, Vordergasse 3. Its principal activity is to invest in companies active in the biotechnology industry. The investments are held through its wholly owned subsidiaries.

Company	Capital in CHF 1 000	Capital and voting interest in %
Biotech Focus N.V., Curaçao	11	100
Biotech Growth N.V., Curaçao	11	100
Biotech Invest N.V., Curaçao	11	100
Biotech Target N.V., Curaçao	11	100

## 2. Accounting policies

The condensed consolidated interim financial statements of the Company and its subsidiary companies (the Group) have been prepared in accordance with International Accounting Standards (IAS) 34 “Interim Financial Reporting,” as well as the provisions of the rules of the SIX Swiss Exchange for Investment Companies and should be read in conjunction with the consolidated annual financial statements for the year ended December 31, 2014. The preparation of the condensed consolidated interim financial statements requires management to make assumptions and estimates that have an impact on the balance sheet values and items of the statement of comprehensive income in the current financial period. In certain circumstances, the actual values may diverge from these estimates.

The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies set out in the consolidated annual financial statements. No new standards, interpretations and amendments to published standards, which are applicable to the Group and valid since January 1, 2015, have been applied in these condensed consolidated interim financial statements.

The following new or revised standards were approved, but will only be applicable for the Group prospectively and were not early adopted in these condensed consolidated interim financial statements:

- IFRS 7 (effective January 1, 2018) – Financial instruments – Disclosure – Additional disclosures on transition from IAS 39 to IFRS 9
- IFRS 9 (effective January 1, 2018) – Financial instruments
- IFRS 10 (amended, effective January 1, 2016) – Consolidated financial statements (includes IAS 28 and IFRS 12)
- IFRS 11 (amended, effective January 1, 2016) – Accounting for acquisitions of interests in joint operations
- IFRS 15 (effective January 1, 2018) – Revenue from contracts with customers
- IAS 1 (amended, effective January 1, 2016) – Presentation of financial statements
- IAS 27 (amended, effective January 1, 2016) – Separate financial statements

The Group assessed the potential impact of the above mentioned new and revised standards. Based on the analysis, except for IFRS 10, the Group concludes that these revised standards have no material impact on the Group’s accounting policies and overall results and financial position. The amendment to IFRS 10 does no longer allow entities that meet the definition of an investment entity to consolidate its subsidiaries. The amended standard requires entities to account for subsidiaries at fair value through profit or loss. As a result of qualifying as an investment entity, BB Biotech AG will discontinue consolidating its wholly owned subsidiaries and will measure them at fair value through profit or loss starting January 1, 2016. The potential financial impact on equity and total comprehensive income for the future will be immaterial. The only major change will be that treasury shares held by a subsidiary are valued at market value. However, the disclosure within the financial statements and the notes will deviate significantly to the current disclosures.

### 3. Financial risk management

#### Currency risk

The Group holds assets denominated in currencies other than the Swiss franc, the functional currency. It is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates. Depending on the market situation the Group uses foreign currency options and/or forward contracts to reduce the currency risk.

The following exchange rates have been used for the preparation of these condensed consolidated interim financial statements:

Currency	09/30/2015	12/31/2014
USD	0.97490	0.99390
EUR	1.09006	1.20258
DKK	14.60950	16.15240
SEK	11.62630	12.74140

#### Fair values

The following table presents the Group's assets that are measured at fair value (in CHF 1 000):

09/30/2015	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Securities at fair value through profit or loss				
– Derivative instruments	–	9 939	–	9 939
– Listed shares	3 538 462	–	–	3 538 462
<b>Total assets</b>	<b>3 538 462</b>	<b>9 939</b>	<b>–</b>	<b>3 548 401</b>

#### 12/31/2014

<b>Assets</b>				
Securities at fair value through profit or loss				
– Derivative instruments	34	4 564	–	4 598
– Listed shares	3 519 226	–	–	3 519 226
<b>Total assets</b>	<b>3 519 260</b>	<b>4 564</b>	<b>–</b>	<b>3 523 824</b>

At September 30, 2015, the Group holds no level 3 instruments.

The following table analyzes within the fair value hierarchy the assets and liabilities not measured at fair value but for which fair value was disclosed (in CHF 1 000):

09/30/2015	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and cash equivalents	3 761	–	–	3 761
Other assets	–	69	–	69
<b>Total assets</b>	<b>3 761</b>	<b>69</b>	<b>–</b>	<b>3 830</b>
<b>Liabilities</b>				
Short-term borrowings from banks	–	60 000	–	60 000
Payables to brokers	–	29 665	–	29 665
Other short-term liabilities	–	4 309	–	4 309
<b>Total liabilities</b>	<b>–</b>	<b>93 974</b>	<b>–</b>	<b>93 974</b>

#### 12/31/2014

<b>Assets</b>				
Cash and cash equivalents	8 968	–	–	8 968
Other assets	–	1	–	1
<b>Total assets</b>	<b>8 968</b>	<b>1</b>	<b>–</b>	<b>8 969</b>
<b>Liabilities</b>				
Short-term borrowings from banks	–	30 000	–	30 000
Payables to brokers	–	6 729	–	6 729
Other short-term liabilities	–	3 336	–	3 336
<b>Total liabilities</b>	<b>–</b>	<b>40 065</b>	<b>–</b>	<b>40 065</b>

#### 4. Financial assets

##### Marketable securities

Marketable securities comprise the following:

Company	Number 12/31/2014	Change	Number 09/30/2015	Market price in original currency		Valuation CHF mn 09/30/2015	Valuation CHF mn 12/31/2014
Incyte	4 051 867	(301 461)	3 750 406	USD	110.33	403.4	294.4
Celgene	3 714 298	(125 000)	3 589 298	USD	108.17	378.5	412.9
Radius Health	2 752 140	1 520 000	4 272 140	USD	69.31	288.7	106.4
Actelion	2 289 385	(109 361)	2 180 024	CHF	123.70	269.7	264.0
Gilead	2 945 596	(171 000)	2 774 596	USD	98.19	265.6	276.0
Isis Pharmaceuticals	5 976 526	658 312	6 634 838	USD	40.42	261.4	366.7
Alexion Pharmaceuticals	672 428	362 000	1 034 428	USD	156.39	157.7	123.7
Agios Pharmaceuticals	1 864 921	245 000	2 109 921	USD	70.59	145.2	207.7
Vertex Pharmaceuticals	1 354 445	11 000	1 365 445	USD	104.14	138.6	159.9
Neurocrine Biosciences	3 086 552	85 000	3 171 552	USD	39.79	123.0	68.5
Medivation <sup>1)</sup>	1 384 706	(188 300)	2 581 112	USD	42.50	106.9	137.1
Novo Nordisk	2 048 770	(155 000)	1 893 770	DKK	358.20	99.1	86.1
Regeneron Pharmaceuticals	198 000	7 000	205 000	USD	465.14	93.0	80.7
Halozyme Therapeutics	6 825 532	104 300	6 929 832	USD	13.43	90.7	65.5
Alnylam Pharmaceuticals	751 288	381 211	1 132 499	USD	80.36	88.7	72.4
Swedish Orphan Biovitrum	6 825 749	(1 202 782)	5 622 967	SEK	110.40	72.2	69.0
Novavax	7 900 000	430 000	8 330 000	USD	7.07	57.4	46.6
Clovis Oncology	618 188	–	618 188	USD	91.96	55.4	34.4
Juno Therapeutics	–	1 305 000	1 305 000	USD	40.69	51.8	–
Cempra	775 000	1 116 900	1 891 900	USD	27.84	51.3	18.1
Alder Biopharmaceuticals	–	1 510 150	1 510 150	USD	32.76	48.2	–
Tesaro	704 582	450 000	1 154 582	USD	40.10	45.1	26.0
Kite Pharma	–	750 000	750 000	USD	55.68	40.7	–
Puma Biotechnology	521 991	–	521 991	USD	75.36	38.3	98.2
Intercept Pharmaceuticals	–	210 719	210 719	USD	165.86	34.1	–
PTC Therapeutics	1 227 912	75 000	1 302 912	USD	26.70	33.9	63.2
ProbiDRUG	1 051 734	(950)	1 050 784	EUR	20.00	22.9	24.2
Infinity Pharmaceuticals	2 320 737	380 000	2 700 737	USD	8.45	22.2	39.0
Esperion Therapeutics	–	908 542	908 542	USD	23.59	20.9	–
Prothena Corp.	–	320 000	320 000	USD	45.34	14.1	–
Tetraphase Pharmaceuticals	1 302 114	180 000	1 482 114	USD	7.46	10.8	51.4
Achillion Pharmaceuticals	1 079 340	200 000	1 279 340	USD	6.91	8.6	13.1
Synageva BioPharma	1 130 476	(1 130 476)	–	USD	n.a.	–	104.3
Pharmacyclics	731 542	(731 542)	–	USD	n.a.	–	88.9
Receptos	651 181	(651 181)	–	USD	n.a.	–	79.3
Immunogen	3 240 816	(3 240 816)	–	USD	n.a.	–	19.6
Theravance	1 043 244	(1 043 244)	–	USD	n.a.	–	14.7
Theravance Biopharma	480 766	(480 766)	–	USD	n.a.	–	7.1
<b>Listed shares</b>						<b>3 538.5</b>	<b>3 519.2</b>
<b>Total shares</b>						<b>3 538.5</b>	<b>3 519.2</b>
Radius Health, warrants, USD 14, 04/23/2018	107 114	–	107 114	USD	56.76	5.9	2.7
Radius Health, warrants, USD 14, 02/19/2019	71 409	–	71 409	USD	57.64	4.0	1.8
Merck & Co Inc contingent value rights – ex Trius/Cubist	545 927	–	545 927	USD	0.00	–	–
Merck & Co Inc contingent value rights – ex Optimer/Cubist	876 273	(876 273)	–	USD	n.a.	–	–
<b>Total derivative instruments</b>						<b>9.9</b>	<b>4.5</b>
<b>Total securities at fair value through profit or loss</b>						<b>3 548.4</b>	<b>3 523.8</b>

<sup>1)</sup> Share split 2:1 as at September 16, 2015



The changes in value of securities at fair value through profit or loss by investment category are as follows (in CHF 1 000):

	Listed shares	Unlisted shares	Derivative instruments	Total
<b>Opening balance as at 01/01/2014 at fair values</b>	<b>2 147 397</b>	<b>18 713</b>	<b>1 056</b>	<b>2 167 167</b>
Purchases	680 137	3 554	–	683 691
Sales	(819 500)	–	–	(819 500)
Reclassification <sup>1) 2)</sup>	22 182	(22 182)	–	–
Realized gains	221 272	21	–	221 293
Realized losses	(5 952)	(105)	–	(6 057)
Unrealized gains	1 328 086	–	4 564	1 332 650
Unrealized losses	(54 398)	–	(1 021)	(55 419)
Net gains/(losses) from securities	1 489 008	(85)	3 543	1 492 467
<b>Closing balance as at 12/31/2014 at fair values</b>	<b>3 519 226</b>	<b>–</b>	<b>4 598</b>	<b>3 523 824</b>
<b>Opening balance as at 01/01/2015 at fair values</b>	<b>3 519 226</b>	<b>–</b>	<b>4 598</b>	<b>3 523 824</b>
Purchases	818 588	–	–	818 588
Sales	(962 718)	–	(48)	(962 766)
Realized gains	325 824	–	13	325 837
Realized losses	(3 848)	–	–	(3 848)
Unrealized gains	402 506	–	5 376	407 882
Unrealized losses	(561 117)	–	–	(561 117)
Net gains/(losses) from securities	163 365	–	5 389	168 754
<b>Closing balance as at 09/30/2015 at fair values</b>	<b>3 538 462</b>	<b>–</b>	<b>9 939</b>	<b>3 548 401</b>

<sup>1)</sup> IPO of Radius Health Inc. as of June 5, 2014

<sup>2)</sup> IPO of Probiobdrug Ltd. as of October 27, 2014

## 5. Short-term borrowings from banks

At September 30, 2015, a CHF 60 mn short-term loan is outstanding with interest payable at 0.40% p.a. (December 31, 2014: CHF 30 mn at 0.41% p.a.).

## 6. Shareholders' equity

The share capital of the Company consists of 11.85 mn fully paid registered shares (December 31, 2014: 11.85 mn) with a par value of CHF 1 each (December 31, 2014: CHF 1). At the General Shareholders' Meeting held on March 18, 2013, a resolution to commence a share buy-back program was approved, whereby up to 1 185 000 shares may be repurchased by the Company. At September 30, 2015, 687 598 shares had been repurchased under this share buy-back program. From January 1, 2015, through September 30, 2015, 525 079 shares were purchased at an average price of CHF 280.83 and 352 189 shares were sold at an average price of CHF 288.50 (01/01–09/30/2014: Purchase of 386 510 shares at an average price of CHF 157.38/Sale of 309 003 shares at an average price of CHF 160.35).

## 7. Administrative expenses

(in CHF 1 000)

Administrative expenses comprise the following:

	01/01–09/30/2015	01/01–09/30/2014
<b>Fund manager</b>		
– Management fees (incl. VAT)	27 967	15 547
<b>Board of Directors</b>		
– Board of Directors remuneration	771	461
– Social security / VAT	35	20
	<b>28 773</b>	<b>16 028</b>

The remuneration model of BB Biotech AG is determined by the Board of Directors. For the years 2014 and 2015 the remuneration paid to the asset manager is based upon a 1.1% all-in fee on the average market capitalization without any additional fixed or performance-based elements of compensation. The compensation of the Board of Directors consists in both years of a fixed compensation in the amount of CHF 957. Due to the change in the remuneration model in 2014, the Board of Directors remuneration was not paid in four identical installments in the previous year.

At the General Shareholders' Meeting held March 19, 2014, the variable, share based remuneration of the Board of Directors for the business year 2013 was approved. Therefore, the vesting period of the performance based remuneration runs until March 18, 2017. In the current period, CHF 88 (01/01/–09/30/2014: CHF 63) have been recognized for equity compensation plans.

## 8. Segment information

(in CHF 1 000)

The Group has only one business segment, namely the holding of investments in companies active in the biotechnology industry.

The geographical analysis of the operating income before tax is as follows – all income from financial assets are attributed to a country based on the domiciliation of the issuer of the instrument:

Operating income before tax	01/01/–09/30/2015	01/01/–09/30/2014
USA	114 366	579 652
Switzerland	23 277	106 798
Denmark	20 509	34 673
Sweden	16 667	5 809
India	–	33 429
Ireland	(3 597)	–
Germany	(1 287)	(116)
Curaçao	(28 500)	(16 313)
	<b>141 435</b>	<b>743 932</b>

## 9. Assets pledged

At September 30, 2015, the securities in the amount of CHF 2 862.2 mn (December 31, 2014: CHF 3 026.5 mn) are a collateral for a credit line of CHF 350 mn (December 31, 2014: CHF 350 mn). At September 30, 2015, a CHF 60 mn short-term loan is outstanding (December 31, 2014: CHF 30 mn).

## 10. Related party transactions

Detailed information regarding the remuneration model for the Board of Directors and the asset manager are mentioned under note 7, "Administrative expenses".

## 11. Commitments, contingencies and other off-balance sheet transactions

The Group had no commitments or other off-balance sheet transactions open at September 30, 2015 (December 31, 2014: none).

The operations of the Group are affected by legislative, fiscal and regulatory developments for which provisions are made where deemed necessary. The Board of Directors concludes that as at September 30, 2015, no proceedings existed which could have any material effect on the financial position of the Group (December 31, 2014: none).

## 12. Significant shareholders

The Board of Directors is aware of following significant shareholders:

Voting rights in %	09/30/2015	12/31/2014
Lazard Asset Management LLC, New York, USA	3.53	n.a.
Paul E. Singer (Elliott Associates L.P.), New York, USA	n.a.	5.47

## 13. Subsequent events

There have been no further events subsequent to September 30, 2015, which would affect the condensed consolidated interim financial statements.



Report on the Review of  
condensed consolidated interim financial statements  
to the Board of Directors of  
BB Biotech AG  
Schaffhausen

#### *Introduction*

We have reviewed the condensed consolidated interim financial statements (balance sheet, statement of comprehensive income, statement of cash flow, statement of changes in equity and selected explanatory notes, pages 8 to 16) of BB Biotech AG for the period ended 30 September 2015. The Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting” and article 14 of the Directive on Financial Reporting (Directive Financial Reporting, DFR) of the SIX Swiss Exchange. Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

#### *Scope of Review*

We conducted our review in accordance with Swiss Auditing Standard 910 and International Standard on Review Engagements 2410. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Swiss Auditing Standards and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting” and article 14 of the Directive on Financial Reporting (Directive Financial Reporting, DFR) of the SIX Swiss Exchange.

PricewaterhouseCoopers AG

Adrian Keller  
Audit expert  
Auditor in charge

Martin Gubler  
Audit expert

Zürich, 14 October 2015

### Company profile

BB Biotech acquires holdings in companies in the biotechnology growth market and is currently one of the world's largest investors in the sector. The focus of the holdings is on quoted companies that are concentrating on the development and marketing of innovative medicines. For the selection of holdings, BB Biotech relies on fundamental analysis by physicians and molecular biologists. The Board of Directors has many years of industrial and scientific experience.

### Official listing and share structure as at September 30, 2015

<b>Foundation:</b>	November 9, 1993; Schaffhausen, Switzerland
<b>Issue price adj. November 15, 1993:</b>	CHF 23.76
<b>Official listing:</b>	December 27, 1993 in Switzerland; December 10, 1997 in Germany; October 19, 2000 in Italy
<b>Share structure:</b>	CHF 11.85 mn nominal, 11 850 000 registered shares with a par value of CHF 1
<b>Shareholders, free float:</b>	Institutional and private investors. 94.2% free float (5.8% treasury shares held on second trading line)
<b>Security number Switzerland:</b>	3 838 999
<b>Security number in Germany and Italy:</b>	AoNFN3
<b>ISIN:</b>	CH0038389992

### Shareholder information

The Company publishes its net asset value daily via the major stock market information services and on its website [www.bbbiotech.com](http://www.bbbiotech.com). The portfolio composition is published at least every three months within quarterly reports.

### Quotes and reports

<b>NAV:</b>	<b>in CHF</b>	– Datastream: S:BINA	<b>in EUR</b>	– Datastream: D:BBNA
		– Reuters: BABB		– Reuters: BABB
		– Telekurs: BIO resp. 85, BB1 (Investdata)		
		– Finanz & Wirtschaft (CH)		
<b>Stock price:</b>	<b>in CHF (SIX)</b>	– Bloomberg: BION SW Equity	<b>in EUR (Xetra)</b>	– Bloomberg: BBZA GY Equity
		– Datastream: S:BIO		– Datastream: D:BBZ
		– Reuters: BION.S		– Reuters: BION.DE
		– Telekurs: BIO	<b>in EUR (STAR)</b>	– Bloomberg: BB IM Equity
		– Finanz & Wirtschaft (CH)		– Datastream: I:BBB
		– Neue Zürcher Zeitung (CH)		– Reuters: BB.MI

### Corporate calendar 2015/2016

<b>Portfolio as at December 31, 2015</b>	January 22, 2016, 7 AM CET
<b>Annual Report as at December 31, 2015</b>	February 19, 2016, 7 AM CET
<b>Annual General Meeting 2016</b>	March 17, 2016, 3 PM CET
<b>Interim Report as at March 31, 2016</b>	April 22, 2016, 7 AM CET
<b>Interim Report as at June 30, 2016</b>	July 22, 2016, 7 AM CET
<b>Interim Report as at September 30, 2016</b>	October 21, 2016, 7 AM CET

The BB Biotech interim report is published in English. A translated German and Italian version is also available. In case of any deviations the English shall prevail over the German and Italian text.



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