

Bit Market Services

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Diffusione presunta

Oggetto : Portfolio of BB Biotech AG as of December
31, 2015

Testo del comunicato

Vedi allegato.

Media release as of January 22, 2016

Portfolio of BB Biotech AG as of December 31, 2015

Fourth quarter returns positive, albeit volatile year in biotech investing

BB Biotech increases its dividend significantly to CHF 14.50 per share and proposes a five-for-one stock split

The total annual return for BB Biotech's shares for 2015 was +28.2% in CHF, +41.2% in EUR and +27.1% in USD. Careful and effective stock selection by the management team within the sector yielded a portfolio performance of +19.0% in CHF, +31.6% in EUR and +18.0% in USD, well ahead of the US and European equity markets, which closed the year either unchanged or with mid-single digit gains (in USD). In keeping with the payout policy established in 2013, the Board of Directors will propose a dividend distribution of CHF 14.50 per share at the upcoming annual general meeting, representing another substantial increase year-on-year and corresponding to a yield of 5%. In view of the positive long-term outlook for BB Biotech's portfolio, the Board of Directors will propose a five-for-one stock split.

Sector rebound in the fourth quarter

Equity market prices rose in the fourth quarter. Most US and European indices closed the year either unchanged or with mid-single digit gains (in USD). Strong fundamentals of the biotechnology industry sector and attractive valuations of leading biotechnology companies led to another quarter of outperformance compared to broad equity benchmarks.

During the fourth quarter, the Nasdaq Biotech Index (NBI) gained 11.8% in USD, ahead of the S&P 500 Index, which gained 7.0%. Overall, the four quarters for NBI in 2015 reflected a volatile year including, sequentially: Extension of the 2014 rally into Q1 (+13.3%), stagnation in Q2 (+7.5%), correction in Q3 (-17.9%) and a rebound in Q4 (+11.8%), all values in USD.

Consequently during 2015 the NBI gained 11.8% in USD versus the S&P 500 which ended the year at +1.4% in USD. European indices such as the Euro Stoxx 600 or the DAX gained around 10% in EUR associated with significant weakening of the Euro, and the SMI's total return for 2015 was a slim +1.2% in CHF.

BB Biotech performance for the fourth quarter and full year 2015

The share price of BB Biotech gained 12.6% in CHF, 12.5% in EUR, and 9.6% in USD during the fourth quarter. This contributed positively to BB Biotech's satisfying 2015 total return of 28.2% in CHF, 41.2% in EUR, and 27.1% in USD.

The Net Asset Value (NAV) of BB Biotech gained 14.7% in CHF, 15.0% in EUR and 11.6% in USD in the fourth quarter. For the full year, the NAV increased by 19.0% in CHF, 31.6% in EUR and 18.0% in USD. This performance was driven by biotech sector performance, careful and effective stock selection by the management team and a high level of M&A activity.

Based on preliminary unaudited consolidated results, BB Biotech AG closed the past year with a profit of CHF 653 million (versus a profit of CHF 1'470 million in the previous year). Following the loss of CHF 575 million in the third quarter, BB Biotech AG rebounded with a profit of CHF 511 million in the fourth quarter of 2015. Equity market volatility in the second half year of 2015 drove highly variable quarterly results.

Proposed distribution of CHF 14.50 per share for the fiscal year 2015

In line with the distribution policy established in 2013, the board will propose a distribution of CHF 14.50 per share at the Annual General Meeting (AGM) on March 17, 2016, applying a 5% yield to the volume-weighted average share price during December 2015. This represents a substantial dividend increase relative to the previous year. The remaining paid-in capital reserves of around CHF 136 million will be distributed with the difference to be paid out as a regular dividend from retained earnings.

Proposed five-for-one stock split

The strong performance of the last five years, resulting in a total return of +461.4% in CHF, and the positive prospects for BB Biotech's portfolio allow for the proposed five-for-one stock split. The fully diluted number of

authorized shares will increase from 11.85 million shares to 59.25 million shares, excluding shares repurchased on the second trading line.

Two portfolio additions in the fourth quarter

A slight increase in fund leverage reflects smaller adjustments to the portfolio in the fourth quarter. At the end of 2015 BB Biotech's portfolio consists of six core holdings above 5%, namely Celgene, Incyte, Ionis Pharmaceuticals (their name recently changed from Isis), Actelion, Gilead and Radius Health. BB Biotech's investment portfolio comprises 34 positions in all.

Two new portfolio holdings were added in the last quarter of 2015 – Sage Therapeutics and Cidara Therapeutics. Sage is focused on central nervous system (CNS) disorders with its lead pipeline candidate SAGE-547 under development to treat super-refractory status epilepticus. Cidara is developing novel anti-infectives, including their lead product CD101, a novel molecule from the echinocandin class, for the treatment of systemic Candida infections.

Outlook

Many important pipeline read-outs and potential product approvals are expected among BB Biotech's portfolio holdings in 2016. Merger and acquisition activity made an important contribution to gains in 2015, and the team foresees more of the same ahead. On the other hand BB Biotech believes that the macro environment, including divergent central bank actions and an election year in the US, may add volatility in the next quarters. BB Biotech's portfolio consists of established, attractively valued and profitable companies as well as innovation-focused smaller/midcap companies. The management team believes this diversity can capture many of the important value-creating sector milestones in 2016.

The complete annual report as of December 31, 2015 will be published on **February 19, 2016**.

For further information:

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Company profile

BB Biotech invests in companies in the fast growing market of biotechnology and is one of the world's largest investors in this sector with CHF 4.0 bn in assets under management. BB Biotech is listed in Switzerland, Germany and Italy. Its investments are focused on listed companies that are developing and commercializing novel medical treatments and cures. BB Biotech's investment selection process is guided by the fundamental research and analysis of physicians and molecular biologists. Its Board of Directors has many years of experience in industry and science.

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, 2015

(in % of securities, rounded values)

Celgene	10.5%
Incyte	9.9%
Ionis Pharmaceuticals	9.8%
Actelion	7.5%
Gilead	6.8%
Radius Health	6.4%
Alexion Pharmaceuticals	4.8%
Neurocrine Biosciences	4.3%
Vertex Pharmaceuticals	4.2%
Agios Pharmaceuticals	3.4%
Novo Nordisk	3.2%
Medivation	3.0%
Halozyne Therapeutics	3.0%
Regeneron Pharmaceuticals	2.7%
Alnylam Pharmaceuticals	2.6%
Swedish Orphan Biovitrum	2.1%
Novavax	1.7%
Tesaro	1.6%
Cempra	1.5%
Juno Therapeutics	1.4%
Alder Biopharmaceuticals	1.2%
Kite Pharma	1.1%
PTC Therapeutics	1.0%
Sage Therapeutics	1.0%
Intercept Pharmaceuticals	0.9%
Puma Biotechnology	0.8%
Probiodrug	0.7%
Prothena Corp.	0.5%
Infinity Pharmaceuticals	0.5%
Esperion Therapeutics	0.5%
Clovis Oncology	0.4%
Achillion Pharmaceuticals	0.3%
Cidara Therapeutics	0.2%
Tetraphase Pharmaceuticals	0.1%
Radius Health warrants 04/23/2018	0.1%
Radius Health warrants 02/19/2019	0.1%
Merck & Co Inc Contingent Value Rights – ex Trius/Cubist	0.0%
Total securities	CHF 4 118.6 mn
Other assets	CHF 25.0 mn
Other payables	CHF (165.5) mn
Total shareholders' equity	CHF 3 978.2 mn
Treasury shares (in % of company) ¹⁾	6.0%

1) Corresponds to the total of all own shares held including the second trading line

Fine Comunicato n.0472-6

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