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Oggetto : Portfolio of BB Biotech AG as of December
31, 2020

Testo del comunicato

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Media release as of January 22, 2021

Portfolio of BB Biotech AG as of December 31, 2020

Vaccines leading the way out of the pandemic – increased dividend of CHF 3.60 proposed

BB Biotech performed well in 2020 in a volatile market environment. The biotech sector made significant strides, leading the effort against the SARS-CoV-2 virus pandemic through approved mRNA vaccines and therapeutic antibodies. M&A activity picked up substantially in H2 2020, further driving solid performance as the year came to a close. The fourth quarter alone drove a portfolio gain of 20.6% in CHF, 20.4% in EUR and 25.5% in USD for BB Biotech – reflecting a net gain of CHF 665 mn. In parallel, the share price appreciated by 10.9% in CHF and 9.0% in EUR. BB Biotech exited four holdings and added three new holdings in the last three months of 2020. For the full year, total share return was 19.3% in CHF and 18.1% in EUR, slightly behind the portfolio performance of 24.3% in CHF, 24.8% in EUR and 35.9% in USD. The net gain for BB Biotech in 2020 was CHF 691 mn. In line with the stated dividend policy of past years, the Board of Directors' dividend proposal at the Annual General Meeting on March 18, 2021 will be an ordinary dividend of CHF 3.60 per share – which corresponds to a 5% return on the volume-weighted average closing price of BB Biotech shares in December of 2020.

During the last quarter of the year major global equity indices extended their 2020 gains. Many markets achieved new all-time highs even though the SARS-CoV-2 infection rates reaccelerated in the final weeks of 2020. The Dow Jones (+9.7% in USD), the Dax (+3.5% in EUR), and the SPI (+3.8% in CHF) indices all showed gains for the year with the technology dominated Nasdaq Composite outperforming (+45.1% in USD) the broader equity markets. The Nasdaq Biotech Index (NBI) rallied into the year-end, resulting in a 2020 total return of 26.4% in USD and a significant outperformance of the broader markets.

Although the SARS-CoV-2 situation remained front and center for regulatory authorities in 2020, an impressive number of drug approvals was achieved by the US FDA – releasing 13 new drugs in the fourth quarter 2020, driving the total drug approvals to 53 for 2020. Additionally, two SARS-CoV-2 prophylactic vaccines and multiple drugs received emergency use authorization (EUA) during 2020.

For 2020, BB Biotech's total share return of 19.3% in CHF and 18.1% in EUR was slightly below the underlying portfolio performance. Weakening of the USD versus the CHF and EUR throughout the year created additional headwind for CHF and Euro-denominated performance. The portfolio Net Asset Value (NAV) gained 24.3% in CHF, 24.8% in EUR and 35.9% in USD.

For the fourth quarter, BB Biotech's share price was up 10.9% in CHF and 9.0% in EUR. BB Biotech shares were unable to track the portfolio's upward trend. BB Biotech's Net Asset Value (NAV) for the same period tracked NBI index gains – increasing 20.6% in CHF, 20.4% in EUR and 25.5% in USD.

The consolidated, but not yet audited fourth quarter 2020 data for BB Biotech indicates a net gain of CHF 665 mn versus 2019 fourth quarter net gain of CHF 505 mn. The consolidated, but not yet audited full year 2020 data showed a net gain of CHF 691 mn compared to a net gain of CHF 677 mn for 2019.

Annual General Meeting on March 18, 2021

At the scheduled upcoming Annual General Meeting, all five existing board members will stand for re-election by the shareholders on March 18, 2021. The Board of Directors will propose a regular dividend of CHF 3.60 per share at the AGM on March 18, 2021. Applied to the average share price of December 2020 and consistent with the dividend policy introduced in 2013, this corresponds to a 5% dividend yield.

Portfolio adjustments in the fourth quarter 2020

In the fourth quarter, BB Biotech exited four holdings: Myokardia was acquired by Bristol-Myers Squibb at USD 225 per share, valuing the company at USD 13.1 bn. The position was tendered in November, generating approximately USD 248 mn in cash for the portfolio, and a profit of more than USD 205 mn for the investment cycle. The positions in G1 Therapeutics, Intercept and Sangamo were sold because the investment case for these stocks was no longer viable.

During the fourth quarter, profits were also taken on investments including Halozyme, Moderna, Myovant, Crispr Therapeutics and Scholar Rock. The cash was reinvested in targets associated with the strategic portfolio reallocation – focusing on smaller and mid cap portfolio companies. BB Biotech took advantage of market conditions by investing more in Molecular Templates, Arvinas, Generation Bio and Relay Therapeutics.

Three new investments were made in the fourth quarter – Mersana, Biogen and Beam Therapeutics. Mersana is a company which focuses on antibody drug conjugates, with the company's lead program, XMT-1536 in clinical development for ovarian cancer. The basis for a tactical investment in Biogen was provided by the FDA reviewing Division medical reviewer's highly positive stance toward Biogen's aducanumab for Alzheimer's disease despite reservations from the FDA statistical reviewers and the overwhelmingly negative vote of an FDA advisory panel. The final action of the Agency on aducanumab in the face of these conflicting viewpoints will be consequential for the entire biotech sector. A position in Beam Therapeutics was initiated to increase BB Biotech's portfolio exposure to the genetic medicine field. Beam Therapeutics utilizes base editing – a technology that allows for a specific corrective nucleotide change without cutting the genome. Beam's lead programs are being developed for hemoglobinopathies such as sickle cell disease and beta thalassemia as well as for liver diseases such as alpha-1 antitrypsin deficiency.

Outlook for 2021 with exciting sector fundamentals and expected transaction momentum to continue – even in a new political US environment

BB Biotech believes that 2021 will include the successful first wave of the roll-out of SARS-CoV-2 vaccines, led by Moderna's mRNA-1273 and Pfizer/Biontech's bnt162b2. Further, subsequent approval of adenovirus-vector based vaccines and traditional recombinant protein subunit vaccines are expected. It also anticipates that the industry will continue to deliver significant technology progress and new products that address important unmet medical needs. The BB Biotech investment team's asset allocation will continue to focus on established areas – such as orphan diseases, oncology and neurological indications – and also on rapidly emerging technologies which promise the best therapeutic profile and economic value.

Set against exciting technological developments, the stance of the US government regarding healthcare access and healthcare costs will be of importance. The new administration of President Elect Biden includes HHS Secretary nominee Xavier Becerra, currently serving as attorney general of California. Mr. Becerra is well-known for his defense of the Affordable Care Act. The Administration will also include Jeffrey D. Zients, an entrepreneur and management consultant who served as the head of President Obama's National Economic Council, as coronavirus czar in the White House. The nominations for FDA and CMS leadership have not yet been made. In view of the tied Senate with a deciding vote from Vice President Elect Harris, and narrowly Democratic House, President Elect Biden may be pressed to push on with reform of drug pricing. But in a year in which their major focus is to get the SARS-CoV-2 pandemic under control, the emphasis is likely to be on improving access to care (including vaccines) and supporting those with inadequate insurance, rather than chopping cancer or rare disease drug prices. BB Biotech believes the new Administration and Congress are aware of the astonishing value, health improvements and hope being created by the biotechnology sector.

With some areas in the biotech sector such as genetic medicines currently attracting significant investor attention, which drove valuations impressively in 2H 2020, BB Biotech continues to see attractive valuations for select smaller and mid cap biotech firms. Further, M&A activity picked up in the second half of 2020 and will likely continue in the sector in 2021. The takeover of Alexion by Astra-Zeneca for USD 39 bn demonstrates that larger cap firms may also be at play at these valuation levels. Remote deal making has become a normal approach so social distancing and lockdowns are unlikely to limit strategic activities in the biotech sector.

BB Biotech's long-term horizon makes it an effective investor and partner for many biotechnology firms – and the investment team believes that the growth case for biotechnology and the company itself is as compelling as ever. This means management is confident it can continue to offer potentially sector-leading returns moving forward. The investment team anticipates that 2021 will be another banner year for new products worldwide and looks forward to more exciting news flow from its portfolio companies.

The complete annual report as of December 31, 2020, will be published on February 19, 2021.

For further information:

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Company profile

BB Biotech AG is an investment company domiciled in Schaffhausen/Switzerland and listed on the stock exchanges in Switzerland, Germany and Italy. Since 1993, the company has invested in innovative drug development companies that are mainly located in the US and Western Europe. BB Biotech is one of the leading investors in this sector. BB Biotech builds on the long-standing experience of its distinguished Board of Directors and on the fundamental analysis 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, 2020

(in % of securities, rounded values)

Ionis Pharmaceuticals	10.4%
Moderna	6.7%
Neurocrine Biosciences	6.5%
Argenx SE	6.1%
Incyte	5.6%
Vertex Pharmaceuticals	4.8%
Alexion Pharmaceuticals	4.5%
Arvinas	4.1%
Fate Therapeutics	4.1%
Agios Pharmaceuticals	4.0%
Halozyme Therapeutics	3.8%
Alnylam Pharmaceuticals	3.4%
Crispr Therapeutics	3.1%
Sage Therapeutics	3.0%
Radius Health	3.0%
Biogen	2.9%
Myovant Sciences	2.9%
Intra-Cellular Therapies	2.5%
Macrogenics	2.5%
Scholar Rock Holding	2.5%
Esperion Therapeutics	2.3%
Generation Bio Co.	1.5%
Molecular Templates	1.3%
Relay Therapeutics	1.3%
Exelixis	1.3%
Mersana Therapeutics	1.1%
Nektar Therapeutics	1.0%
Black Diamond Therapeutics	1.0%
Beam Therapeutics	0.7%
Kezar Life Sciences	0.5%
Wave Life Sciences	0.5%
Homology Medicines	0.4%
Voyager Therapeutics	0.4%
Cidara Therapeutics	0.1%
Alder Biopharmaceuticals – CVR	0.1%
Total securities	CHF 3 954.7 mn
Other assets	CHF 8.4 mn
Other payables	CHF (75.6) mn
Net Asset Value	CHF 3 887.5 mn

Fine Comunicato n.0472-4

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