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| Informazione Regolamentata n. 0472-30-2021 | Data/Ora Ricezione 22 Ottobre 2021 09:08:12 | MTA - Star |
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Societa' : BB BIOTECH
Identificativo : 153232
Informazione
Regolamentata
Nome utilizzatore : BIOTECHNSS01 - Alderuccio
Tipologia : 1.2
Data/Ora Ricezione : 22 Ottobre 2021 09:08:12
Data/Ora Inizio : 22 Ottobre 2021 09:08:14
Diffusione presunta
Oggetto : Interim report of BB Biotech AG as at
September 30, 2021

Testo del comunicato

Vedi allegato.

Media release of October 22, 2021

Interim report of BB Biotech AG as at September 30, 2021

BB Biotech: Gains realized following COVID-19 vaccine booster update enable increases in oncology and CNS

Healthcare markets traded higher in July and August but lost ground in September and ended the third quarter in line with the broader market. BB Biotech shares showed a return of -3.3% in CHF and -2.0% in EUR for the third quarter of 2021. For the first nine months, their total return including the dividend stood at 18.2% in CHF and 19.0% in EUR. BB Biotech, an early investor in Moderna, took advantage of the company's fundamental strength to realize some profits, but remains substantially invested in the stock. The Investment Team did close its position in Halozyme after 11 years and realized a total profit of USD 235 mn on this investment. Most of the proceeds were reinvested in companies with an attractive oncology pipeline such as Revolution Medicines, Relay Therapeutics, Fate Therapeutics, Essa Pharma, Macrogenics, Molecular Templates and Mersana Therapeutics. IPO activities in the biotech sector have subsided somewhat, while takeovers remain at a low level. There is however a full pipeline of pending regulatory approvals and clinical trial readouts.

The MSCI World Healthcare Index (+1.1% in USD) and Nasdaq Biotech Index (-1.1% in USD) consolidated over the first nine months of the year. Yet within these indices there was a substantial performance dispersion, particularly in the NBI index. Smaller and mid cap biotechnology companies continued to underperform in the third quarter, as reflected, for example, by the XBI, an S&P biotechnology ETF, at -7.2% (in USD). The limited appetite for earlier stage, smaller and mid cap biotechnology companies reduced and cooled the previously robust IPO action.

BB Biotech's third quarter and first nine months 2021 performance

BB Biotech's third quarter 2021 share price performance was -3.3% in CHF and -2.0% in EUR. The Net Asset Value (NAV) pulled back 5.2% in CHF, 3.5% in EUR and 6.1% in USD. Consequently, the net loss was CHF 208 mn compared to a net loss of CHF 395 mn for the same period in 2020. Despite the third quarter pullback, BB Biotech's total share price return for the first nine months of 2021 was 18.2% in CHF and 19.0% in EUR, including the dividend. This was well ahead of the Net Asset Value appreciation of 3.2% in CHF, 3.5% in EUR and -2.0% in USD. The resulting net profit of CHF 141 mn for the first nine months of 2021 compares to a profit of CHF 26 mn for the same period of 2020. Exchange-rate fluctuations in the USD/CHF currency pair contributed approximately 5.3% to first nine months 2021 performance.

Selective portfolio adjustments

The Investment Team continued to reshape the portfolio. Moderna's inclusion in the S&P500 and evolving SARS-CoV-2 patterns in August 2021 propelled its share price to all-time highs, making it the most valuable biotechnology company. Moderna's promising outlook and the ascendancy of mRNA technology has allowed BB Biotech to realize further profits from this long-term investment. Another long-term investment cycle with Halozyme allowed the Investment Team to exit the position with substantial (USD 235 mn) profits over the eleven-year investment cycle.

The capital released from Moderna and Halozyme was reinvested in three subsectors. Most was allocated to oncology pipeline companies such as Revolution Medicines, Relay Therapeutics, Fate Therapeutics, Essa Pharma, Macrogenics, Molecular Templates and Mersana Therapeutics. The Investment Team also took on more exposure to the CNS space, increasing the Sage Therapeutics and Intra-Cellular Therapies positions. Existing positions in Myovant and Radius, smaller commercial-stage companies, were also expanded.

With 32 positions in the portfolio, during the third quarter 2021 the investment level decreased slightly from 107.5% to 106.8%. This infers capital flexibility to continue investing in new opportunities within the established guidelines.

Third-quarter 2021 developments in the portfolio

Moderna presented impressive COVID-19 boost injection data. Management also outlined its strategy to leverage its mRNA platform with new prophylactic vaccines. The company demonstrated that the third "booster shot", at half

dose (50ug) achieved antibody titers higher than the second dose. The FDA VRBPAC panel voted unanimously to support Moderna COVID-19 vaccine booster dose in certain at risk populations.

The US FDA has moved past the Aduhelm/Alzheimer controversy, but patients, physicians and insurance companies have now entered the fray. Reflecting market resistance, Biogen recently slashed its already cautious 2021 launch guidance. Commercial hurdles for the intravenous and arguably costly medication are high. The Center for Medicare and Medicaid Services (CMS) began its National Coverage Determination (NCD). BB Biotech anticipates a clarifying decision in 2022.

Neurocrine signaled growth recovery for its lead commercial product Ingrezza. Reported prescriptions are trending towards an improved second half 2021 after stalling during the pandemic. Intra-Cellular Therapies, Radius and Esperion also face growth headwinds with Caplyta, Tymlos and Nexlitol/Nexlizet, respectively, with prescription trends expected to improve in the fourth quarter of 2021.

Outlook for the final quarter of 2021

Investors should monitor the global roll-out of booster COVID-19 vaccine injections; several new product launches and important clinical trial results are also expected. COVID-19 booster shots – particularly of mRNA vaccines – will play an important part during the northern hemisphere winter season. Emergence of SARS-CoV-2 variants and the potential requirement for novel, variant-specific vaccines will be watched closely by investors.

Product launches of interest within our portfolio include the following: Biogen's Aduhelm for Alzheimer's and Myovant's Orgovyx for prostate cancer and Myfembree for treating heavy menstrual bleeding associated with uterine fibroids. After an underwhelming Monjuvi launch, Incyte and partner Morphosys will be in the spotlight. The same goes for Incyte's recently approved Opzelura, a topical cream to treat atopic dermatitis.

In the fourth quarter of 2021 important regulatory decisions are expected for the following portfolio companies: Argenx (FDA approval of efgartigimod), Intra-Cellular Therapies (an FDA approval of Caplyta), Moderna (emergency use authorization (EUA) for its mRNA-1273 COVID-19 booster shot), and Alnylam's partner Novartis (US approval of inclisiran).

At the time of writing, various news outlets had reported that Robert Califf would be nominated by the Biden administration as head of the FDA. Califf had already served as an FDA Commissioner under President Obama. He holds moderate views and is familiar with the industry. His professional career as a cardiologist and experience with digitalization in healthcare make him a capable and promising candidate. However, it is precisely his close ties with the industry that could lead progressive members of the Democratic Party to raise objections to his confirmation in the Senate.

Having created effective solutions for fighting the pandemic, the biotechnology sector can be expected to bring other important products for severe and chronic diseases to the market. BB Biotech also anticipates continued momentum in the sector as differentiated medicines are delivered to patients with high-unmet medical need at prices considered affordable by payers.

The quarterly report of BB Biotech AG as at September 30, 2021 can be downloaded at report.bbbiotech.ch/Q321 or www.bbbiotech.com

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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 at September 30, 2021
(in % of securities, rounded values)

| | |
|--------------------------------|-----------------------|
| Moderna | 14.7% |
| Ionis Pharmaceuticals | 7.0% |
| Argenx SE | 6.6% |
| Neurocrine Biosciences | 6.4% |
| | |
| Anylam Pharmaceuticals | 4.8% |
| Incyte | 4.5% |
| Agios Pharmaceuticals | 4.5% |
| Vertex Pharmaceuticals | 4.3% |
| Fate Therapeutics | 4.3% |
| Arvinas | 4.1% |
| Macrogenics | 3.4% |
| Biogen | 3.2% |
| Sage Therapeutics | 3.2% |
| Intra-Cellular Therapies | 3.1% |
| Myovant Sciences | 2.9% |
| Relay Therapeutics | 2.7% |
| Crispr Therapeutics | 2.4% |
| Radius Health | 2.2% |
| Revolution Medicines | 2.1% |
| Scholar Rock Holding | 1.7% |
| Molecular Templates | 1.6% |
| Generation Bio Co. | 1.4% |
| Exelixis | 1.4% |
| Esperion Therapeutics | 1.2% |
| Beam Therapeutics | 1.2% |
| Nektar Therapeutics | 1.1% |
| Essa Pharma | 0.9% |
| Kezar Life Sciences | 0.9% |
| Mersana Therapeutics | 0.9% |
| Black Diamond Therapeutics | 0.7% |
| Homology Medicines | 0.3% |
| Wave Life Sciences | 0.3% |
| | |
| Alder Biopharmaceuticals – CVR | 0.1% |
| | |
| Total securities | CHF 4 093.1 mn |
| | |
| Other assets | CHF 1.9 mn |
| Other liabilities | CHF (261.8) mn |
| | |
| Net Asset Value | CHF 3 833.2 mn |

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Numero di Pagine: 6