

Media release as at April 26, 2024

Portfolio of BB Biotech AG as at March 31, 2024

## BB Biotech presents solid first-quarter results; biotech stock market impacted by shifting views on interest rates

**Investor sentiment in the biotech space continues to be shaped by the general interest rate environment. Biotechnology stocks traded higher early in the year before retreating on worries of tighter monetary policy from the Federal Reserve. Nevertheless, for BB Biotech investors, the first quarter of 2024 ended with a pleasing performance of 11.3% in CHF and 7.6% in EUR including the dividend payout of CHF 2.00 per share. The portfolio's total return (NAV) stood at 11.2% in CHF, 6.3% in EUR, and 3.8% in USD, which was slightly ahead of BB Biotech's benchmark. BB Biotech's performance was boosted by a weaker Swiss franc versus the US dollar. Net profit for the first quarter of 2024 amounted to CHF 260 mn (net loss of CHF 254 mn in prior-year quarter). The investment level of 114.1% is at the high end of the defined range, which reflects the investment management team's optimistic outlook for the sector.**

Equity markets climbed to new record highs during the first quarter of 2024. The healthcare sector as a whole ended the quarter in positive territory, bolstered by solid earnings announcements and the sustained momentum of companies leading the fight against the obesity epidemic. The biotechnology sector was unable to keep pace with the broader healthcare sector due to concerns that monetary policy would not be eased as early as expected. This underperformance was slightly offset by several smaller M&A transactions and the ongoing recovery by small caps from their lows of last year.

The BB Biotech share achieved a positive quarterly return of 11.3% in CHF and 7.6% in EUR, inclusive of a dividend payment of CHF 2.00 per share. The portfolio's total return was 11.2% in CHF, 6.3% in EUR, and 3.8% in USD, surpassing the NBI Index. The devaluation of the Swiss franc gave the portfolio a strong boost in the first quarter of 2024. Net gain for the first quarter of 2024 amounted to CHF 260 mn, a stark contrast to a net loss of CHF 254 mn during the same period in 2023.

At the Annual General Meeting Dr. Thomas von Planta was elected as the new Chairman of the Board of Directors, taking over from Dr. Erich Hunziker, who after 13 years opted not to seek re-election. Camilla Soenderby was elected as a new member of the Board. The shareholders also re-elected existing Board members Dr. Clive Meanwell, Laura Hamill, Dr. Pearl Huang, and Prof. Dr. Mads Krogsgaard Thomsen for another one-year term.

### First-quarter portfolio activity

In the first quarter, portfolio adjustments primarily involved capitalizing on gains from larger, established long-term holdings. Profit-taking activities targeted mid-to-larger entities such as Vertex, Argenx, Ionis, Intra-Cellular, Moderna, and Neurocrine, alongside minor tactical sales, generating a substantial cash influx of USD 166 mn. The quarter's capital expenditures included CHF 110 mn for dividend payouts and USD 70 mn for bolstering existing smaller positions and establishing a new stake in Annexon. Annexon, a clinical-stage company focused on developing therapeutic candidates aimed at the complement system to tackle severe autoimmune disorders. BB Biotech engaged in capital increases for Celldex and Esperion. Further portfolio enhancements involved additions to Sage and Generation Bio, and profits from Crispr Therapeutics were reallocated to Beam Therapeutics.

### **Portfolio milestones for the first quarter 2024**

Biotech markets remained volatile during the first quarter of 2024. Large portfolio positions such as Alnylam and Ionis lost value due to delays in major clinical trial readouts. Alnylam pushed back the publication of results from its HELIOS B trial of vutrisiran, which was met with mixed reactions. Similarly, Intra-Cellular Therapies shares were marked down after the company postponed the publication of data from its Phase III trial of Caplyta in major depressive disorder to April. The company finally announced positive Phase III topline results on April 16, which led to a recovery of the short-term share price losses.

On the other hand, several smaller positions in the portfolio recovered from their previous lows as they reported further progress towards significant milestones. Portfolio positions that are trading at a steep discount still offer considerable upside. One example here is MacroGenics, which made a positive contribution to the increase in NAV during the first quarter of 2024. It will soon publish pivotal Phase II data for vobra duo, an anti-B7-H3 ADC currently being evaluated in patients with prostate cancer. There were also product approvals and label expansions during the period under review. Casgevy was approved in the US for the treatment of transfusion-dependent beta-thalassemia, for example, and Vyvgart's label in Japan was expanded to include primary immune thrombocytopenia.

### **Outlook for the remainder of 2024**

Central bank interest rate decisions continue to be a pivotal short-term factor influencing biotech investments. As demonstrated in the first quarter, any adjustment in the timelines and extent of potential rate cuts significantly affects valuations, especially for small and mid cap companies poised to invest heavily in drug development, with revenues and profits anticipated only a few years down the line, assuming everything proceeds as planned.

Despite the challenging environment, the companies in BB Biotech's portfolio are very sound and they continue to make good progress. Significant news flow is expected over the course of the year: Alnylam will publish Phase III HELIOS-B results for vutrisiran in TTR cardiomyopathy patients. Agios is expected to publish ENERGIZE-T results for Pyrukynd in transfusion-dependent alpha- and beta-thalassemia patients. MacroGenics will give an update on its Phase II TAMARACK trial of vobra duo in metastatic castration-resistant prostate cancer patients. Revolution Medicines is expected to publish data on RMC-6236, a multi KRAS inhibitor. Moderna's RSV vaccine mRNA-1345 should be granted approval during the second quarter of 2024, in time for the start of the fall vaccination season.

The US healthcare system's focus on cost control, particularly with the implementation of the Inflation Reduction Act (IRA), will become more pronounced in fall 2024 as the negotiated discounts for the first ten drugs set for discounting in 2026/27 are announced. Additionally, with the US presidential election approaching, new healthcare proposals are expected to emerge.

Capital market conditions for biotech companies with attractive product pipelines have improved. Funding activity by pipeline companies that have made significant progress on the R&D front has increased, for example. After the challenges of the post-pandemic years, investors are once again willing to support pipeline companies, enabling them to pursue their development independently. While activity in the secondary market has already picked up, there have been few biotech IPOs so far this year.

The interim report as at March 31, 2024, is available under [report.bbbiotech.ch/Q124](https://report.bbbiotech.ch/Q124) or [www.bbbiotech.com](https://www.bbbiotech.com).

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**Company profile**

BB Biotech AG is an investment company with its registered office in Schaffhausen/Switzerland and listed on the Swiss and German 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. The competent Board of Directors with its long-standing experience set the investment strategy and guidelines. Investment decisions are taken by the experienced investment management team of Bellevue Asset Management AG based on their extensive investment research.

**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 March 31, 2024

(in % of securities, rounded values)

Ionis Pharmaceuticals	11.4%
Argenx SE	9.7%
Neurocrine Biosciences	9.0%
Vertex Pharmaceuticals	7.7%
Intra-Cellular Therapies	6.2%
Moderna	5.8%
Revolution Medicines	5.2%
Macrogenics	4.7%
Alnylam Pharmaceuticals	4.3%
Incyte	3.9%
Celldex Therapeutics	3.7%
Agios Pharmaceuticals	3.7%
Arvinas	3.1%
Sage Therapeutics	2.7%
Essa Pharma	2.1%
Biohaven	2.0%
Immunocore	2.0%
Relay Therapeutics	1.6%
Exelixis	1.4%
Black Diamond Therapeutics	1.4%
Crispr Therapeutics	1.3%
Beam Therapeutics	1.3%
Scholar Rock Holding	1.2%
Fate Therapeutics	1.1%
Esperion Therapeutics	0.9%
Wave Life Sciences	0.8%
Rivus Pharmaceuticals <sup>1)</sup>	0.6%
Generation Bio Co.	0.5%
Annexon	0.5%
Molecular Templates	0.1%
Radius Health – CVR	0.0%
<b>Total securities</b>	<b>CHF 2 822.2 mn</b>
Other assets	CHF 5.8 mn
Other payables	CHF (354.0) mn
<b>Net Asset Value</b>	<b>CHF 2 474.0 mn</b>

<sup>1)</sup> Unlisted company