

Media release as at January 19, 2024

Portfolio of BB Biotech AG as at December 31, 2023

## End of year biotech equity market rally – M&A and end of rate hike cycle

**In 2023, global equity performed better than anticipated by many. The US central bank moderated and then paused interest rate hikes. These developments resulted in a year-end bond market rally and encouraged equity markets further – but led to a noticeable devaluation of the USD, particularly relative to the CHF. Additionally, the year witnessed an uptick in takeover activities. The biotech sector made strong gains as the year closed. BB Biotech achieved significant gains in the fourth quarter, with returns of 14.2% in USD and 5.0% in CHF, culminating in a profit of CHF 109 mn. The company's share price increased 3.4% in CHF and 7.1% in EUR. Strategic portfolio moves in the fourth quarter included the addition of Immunocore and of Biohaven, and the divestiture of the stake in Mersana. Despite these encouraging end-of-year gains, the total share return for the year was -18.1% in CHF and -15.2% in EUR, lagging behind our overall portfolio performance, which stood at -7.4% in CHF, -1.3% in EUR, and +1.8% in USD. Consequently, BB Biotech ended the year with a net loss of CHF 207 mn. Consistent with BB Biotech's dividend policy in previous years, the Board of Directors proposes an ordinary dividend of CHF 2.00 per share at the Annual General Meeting on March 21, 2024. This represents a 5% return based on the volume-weighted average closing price of BB Biotech shares in December 2023. The Chairman of the Board of Directors, Dr. Erich Hunziker, will not be standing for re-election at this year's Annual General Meeting. Dr. Thomas von Planta, a member of the Board of Directors since 2019, will be proposed to the Annual General Meeting as the new Chairman of the Board of Directors. In addition, Camilla Soenderby, who is also standing for election, will join the Board of Directors.**

During the last quarter of 2023, global equity indices extended their 2023 gains. The US central bank held rates steady in the fall, lifting market sentiment in the last two months of 2023.

The US markets traded to all-time highs: The S&P 500 gained 26.3% in USD for the year, the Nasdaq 100 gained 55.1% in USD. European equities followed: The Euro Stoxx 50 was up 23.2% in EUR and the Dax was up 20.3% in EUR. Healthcare markets nevertheless underperformed in 2023, with total returns for the MSCI World Healthcare Index of +4.3% in USD and for the Nasdaq Biotech Index of +4.6% in USD – up slightly for the full year 2023.

The central bank action devalued the USD against most international currencies in 2023, particularly (and of central importance for BB Biotech's reporting currency), the Swiss franc, which strengthened 9% versus the US Dollar.

BB Biotech's fourth quarter share return was +3.4% in CHF and +7.1% in EUR. This was encouraging but not enough to reverse earlier 2023 losses. The total return for 2023, including the dividend payment of CHF 2.85 in March 2023, was -18.1% in CHF, -15.2% in EUR.

Fourth quarter net asset value performance started badly in October but saw a rally of almost 30% (in USD) from October lows to the end of year. Net asset value performance in the last quarter of 2023 was +14.2% in USD, respectively +5.0% in CHF. Fourth quarter (unaudited) gains of CHF 109 mn compare to the net loss of CHF 35 mn for the fourth quarter 2022. This may be signaling a strengthening biotech market.

Nevertheless, for full year 2023, NAV performance including the dividend yield was +1.8% in USD but -7.4% in CHF thanks to the USD devaluation. Consolidated, but not yet audited full year 2023 data showed a net loss of CHF 207 mn for 2023 compared to a net loss of CHF 358 mn for 2022.

### **A proposed dividend of CHF 2.00 per share**

The Board of Directors will propose a regular dividend of CHF 2.00 per share at the AGM. A 5% dividend yield will be applied to the average share price of December 2023, consistent with the dividend policy introduced in 2013.

### **Changes to the Board of Directors**

Dr. Erich Hunziker has informed the Board of Directors that he will not stand for re-election at the upcoming Annual General Meeting and will step down after the AGM. The Board expresses its deepest gratitude for the remarkable leadership, strategic insights, and excellent governance which Dr. Hunziker has brought to BB Biotech. In the 10 years of his Chairmanship the Board increased its diversity, the Investment Management Team successfully entered neuroscience and the whole BB Biotech team was strengthened with data scientists to leverage the potential of artificial intelligence.

Dr. Thomas von Planta, a highly active member of the Board of Directors since 2019, will be proposed to the Annual General Meeting on March 21, 2024 as Dr. Hunziker's successor as chairman. In addition to many contributions to BB Biotech, Dr. von Planta has profound experience in corporate finance and capital markets and is familiar with the healthcare industry. He is also the chairman of Baloise Holding AG.

Ms. Camilla Soenderby will be proposed as a new Director at the AGM. Ms. Soenderby has held executive roles at leading biopharmaceutical companies in the EU, the US and Asia and is also a board member of F2G (UK/US) and Affibody AB (Sweden), advisor to the private equity group EQT and a member of the Novo Advisory Group.

### **Portfolio adjustments in the fourth quarter 2023**

During the fourth quarter, the team made two new investments and exited one portfolio holding. Immunocore, an immune oncology company, and Biohaven with activities in immunology and neuroscience. These two new positions plus further investments in Arvinas and Celldex were financed through select profit taking from the successful long-term investments in Vertex, Incyte, Ionis, Neurocrine and Argenx. BB Biotech's investment levels were steady in 2023, closing the year at 113.4%.

### **2024: Exciting sector fundamentals and continued M&A activity leading to improved sector performance**

During 2023, the US FDA approved 55 new medicines – up from 37 in 2022. This pace is expected to continue – driven by new platform technologies and continued investment in research and clinical development. Innovative biotechnology companies continue to invest substantially more into R&D than SGA, even though more and more biotech firms are commercializing their own products.

The investment management team believes that 2024 will include multiple catalysts for the sector and for BB Biotech's portfolio companies, including product launches, important clinical trial results, licensing deals and M&A activity.

Many clinical trial read-outs are eagerly anticipated from portfolio companies in 2024. The focus will be on Vertex VTX-548 pain program, Alnylam's vutrisiran for patients with transthyretin-mediated amyloidosis with cardiomyopathy, Ionis' donidalorsen for hereditary angioedema and Intra-Cellular's

Caplyta data in major depression disease. Many proof of concept studies are also due, including for Revolution Medicines' RMC-6236, for Relay's RLY-2608 and MacroGenics' B7H3 ADC vobramitamab duocarmazine. Argenx will report on proof of concept data for primary Sjogren's syndrome for efgartigimod and Agios will report on transfusion dependent thalassemia patients for its PK activator mitapivat.

Multiple product approvals and label expansions are expected to drive future revenue and profit opportunities:

- Incyte with axatilimab for chronic graft versus host disease
- Ionis with olezarsen for patients with familial chylomicronemia syndrome
- Moderna with its RSV vaccine mRNA-1345
- Argenx with efgartigimod for patients with chronic inflammatory demyelinating polyneuropathy
- Crispr and Vertex with Casgevy for beta thalassemia patients

Capital markets appear to have opened up in the last months of 2023, mainly geared towards the large-cap biopharma sector. In contrast to the broad investor base favoring large caps, many of them continue to bolster their pipeline and technology access by acquiring smaller to mid-cap companies. The recently accelerated take-over activity combined with an improved capital market allowing companies to raise working capital again, supports both the sector but as well BB Biotech's view that valuations are highly attractive and the innovation power to reside in the smaller and mid-cap segment.

The BB Biotech investment management team continues to seek attractive investments – applying ever more stringent methodologies including big, wide, and deep data and AI to support the diligence processes. The team continues to hold a strong conviction that fundamental progress in biosciences and commercialization of superior new drugs from biotechnology will yield attractive investment returns.

The complete annual report as of December 31, 2023, will be published on February 16, 2024.

#### **For further information:**

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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 December 31, 2023**

(in % of securities, rounded values)

Ionis Pharmaceuticals	13.9%
Neurocrine Biosciences	10.1%
Argenx SE	10.0%
Vertex Pharmaceuticals	8.3%
Intra-Cellular Therapies	7.0%
Moderna	6.0%
Alnylam Pharmaceuticals	5.3%
Revolution Medicines	4.6%
Incyte	4.3%
Arvinas	3.3%
Celldex Therapeutics	3.1%
Macrogenics	3.1%
Agios Pharmaceuticals	2.8%
Sage Therapeutics	2.4%
Immunocore	2.1%
Relay Therapeutics	2.1%
Crispr Therapeutics	1.8%
Essa Pharma	1.7%
Exelixis	1.5%
Biohaven	1.5%
Scholar Rock Holding	1.3%
Black Diamond Therapeutics	0.8%
Wave Life Sciences	0.7%
Beam Therapeutics	0.6%
Fate Therapeutics	0.6%
Rivus Pharmaceuticals <sup>1)</sup>	0.6%
Esperion Therapeutics	0.4%
Generation Bio Co.	0.2%
Molecular Templates	0.1%
Radius Health – CVR	0.0%
<b>Total securities</b>	<b>CHF 2 634.7 mn</b>
Other assets	CHF 2.4 mn
Other payables	CHF (313.9) mn
<b>Net Asset Value</b>	<b>CHF 2 323.2 mn</b>

<sup>1)</sup> Unlisted company