

Media release as of January 19, 2018

Portfolio of BB Biotech AG as of December 31, 2017

BB Biotech shows a double-digit total return for 2017 – mid caps overdeliver on innovation and are becoming a key upside trigger

5% dividend yield maintained – BB Biotech management remains confident in the sector's prospects in 2018

With a total return for BB Biotech's shareholders of 23.1% in CHF and 13.1% in EUR buoyed by the euro's substantial appreciation against the dollar, BB Biotech delivered a strong performance in 2017. The underlying portfolio performed well, ending the year up 23.4% in CHF, 12.5% in EUR and 29.2% in USD – which is 7.5% ahead of the Nasdaq Biotech Index (NBI). Consolidated, but not yet audited, full year 2017 data showed a net gain of CHF 688 mn compared to a net loss of CHF 802 mn for full year 2016. A volatile fourth quarter saw a 4% decline in the value of the portfolio, in line with the sector, and declined only 1% to the BB Biotech share price in CHF. Continuing the 5% dividend policy based on the average December 2017 share price, BB Biotech will propose a record regular dividend of CHF 3.30 per share at the AGM.

Multiple product approvals for 2017

While broad benchmarks such as the Dow Jones (11% in USD), the Nasdaq Composite (7% in USD), the DAX (1% in EUR) and the SMI (2% in CHF) extended 2017 gains in the fourth quarter, the Nasdaq Biotech Index (NBI) lost around 4% in USD in the same period. Fourth quarter volatility for larger cap biotechnology companies led to significant, short-term devaluation. In contrast, smaller and mid cap biotechnology companies continued to grow based on positive clinical trial results and solid product launches.

The US FDA approved 12 new drugs in the fourth quarter 2017, bringing the total number of approvals for the year to 46, more than in any of the previous 20 years. The majority of these approvals were granted to biotechnology companies. For the year, the NBI saw a total return of 21.7% in USD, somewhat behind the total returns of broad US sectors such as the Nasdaq Composite (29.7%) and the Dow Jones Index (28.1%) in USD. Fund flows for the biotech sector were negative in the last quarter, reflecting the cautious stance of generalist investors. BB Biotech believes that this creates potential for fund inflows as sector fundamentals continue to improve in 2018.

BB Biotech's development in the fourth quarter and in FY 2017

For 2017, BB Biotech's total share return of 23.1% in CHF and 13.1% in EUR was built on the strong portfolio performance. Strengthening of the EUR over the USD was a major headwind for EUR denominated performance. The portfolio Net Asset Value (NAV) increased by 23.4% in CHF, 12.5% in EUR and 29.2% in USD in the same period.

For the fourth quarter, BB Biotech's share price declined modestly (-0.8% in CHF, -2.3% in EUR). The portfolio NAV decline was -4.2% in CHF, -6.3% in EUR and -4.8% in USD. Consolidated, but not yet audited, fourth quarter 2017 data indicate a net loss of CHF 156 mn versus last year's loss of CHF 24 mn. Consolidated, but not yet audited, full year 2017 data showed a net gain of CHF 688 mn compared to a net loss of CHF 802 mn for full year 2016.

A proposed dividend of CHF 3.30 per share

The Board of Directors will propose a record regular dividend of CHF 3.30 per share at the general assembly on March 13, 2018. This is computed as a 5% dividend yield applied to the average share price during December 2017 – consistent with the dividend policy introduced in 2013.

Portfolio adjustments in the fourth quarter

In the fourth quarter, the remaining holding in Swedish Orphan Biovitrum (SOBI) was sold – thereby closing out a highly profitable holding initiated in early 2011 which realized a 3-fold return on total capital invested. In the large cap segment, profits were taken in Novo Nordisk following its strong recovery and the cash was reinvested in

Celgene during a significant sell-off in late October. In the smaller and mid cap segments, BB Biotech bought additional shares of Radius Health, MacroGenics, and Esperion and took profits following the strong performances of Juno Therapeutics, Idorsia and Alnylam. BB Biotech also invested in Cidara Therapeutics' private placement.

Following management's late year strategic review, new positions were opened in Wave Life Sciences, Voyager Therapeutics and Akcea Therapeutics. Wave Life Sciences develops stereo-selective nucleic acid therapeutics with a focus on severe neurological diseases. Voyager Therapeutics is developing a gene therapy for advanced Parkinson's disease and Akcea Therapeutics is addressing serious rare lipid disorders with antisense products.

Outlook – promising 2018 with an expectation for continued product approvals

BB Biotech believes that 2018 will continue to bring important product approvals and milestones for the sector and for its portfolio. The FDA continues to improve the efficiency of the drug review process – and candidate drugs which address serious and unmet medical needs are expected to move through the process expeditiously.

BB Biotech anticipates continued debate around the US Affordable Care Act. One major change to the Affordable Care Act was included in the new tax bill which passed in late 2017 – namely the repeal of the individual mandate – and this will likely reduce the pool of insured individuals. After 2018, healthy and younger individuals will be allowed to opt out of healthcare insurance plans without financial penalty – and this may put pressure on premiums for those remaining on plan.

As predicted, concerns around drug pricing restrictions by the US government are sporadic more than systematic. But BB Biotech continues to monitor potential changes, particularly with the anticipated appointment of Alex Azar as the Secretary of Health and Human Services. Azar is a former drug company executive who is considered a pragmatist and pro-innovation and pro-competition actor.

Biotechnology valuations are attractive at current levels. The financial aspects of the US tax reform bill – including lower corporate tax rates and allowances for repatriation of ex-US cash may presage both improved and simplified balance sheets for US large cap pharma and perhaps an uptick in M&A activities in biotechnology.

More fundamentally, BB Biotech expects the biotechnology sector to grow based on its ever increasing strengths of innovation and an increasing share of novel drugs in 2018 and beyond. It looks forward to another productive and exciting year in 2018. BB Biotech remains dedicated to identifying leading-edge biotechnology firms developing market dominant drugs based on cutting-edge technologies.

The complete annual report as of December 31, 2017 will be published on February 16, 2018.

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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. 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, 2017

(in % of securities, rounded values)

Ionis Pharmaceuticals	11.0%
Celgene	9.6%
Incyte	9.4%
Neurocrine Biosciences	7.2%
Vertex Pharmaceuticals	5.9%
Gilead	5.3%
Radius Health	4.9%
Halozyme Therapeutics	4.6%
Sage Therapeutics	4.6%
Alexion Pharmaceuticals	4.4%
Esperion Therapeutics	4.2%
Agios Pharmaceuticals	4.2%
Novo Nordisk	3.9%
Alnylam Pharmaceuticals	3.6%
Juno Therapeutics	2.4%
Tesaro	2.3%
Regeneron Pharmaceuticals	2.1%
Macrogenics	1.3%
AveXis	1.2%
Myovant Sciences	1.2%
Intra-Cellular Therapies	0.9%
Wave Life Sciences	0.8%
Intercept Pharmaceuticals	0.8%
Alder Biopharmaceuticals	0.7%
Voyager Therapeutics	0.7%
Akcea Therapeutics	0.6%
Five Prime Therapeutics	0.5%
Cidara Therapeutics	0.4%
Probiodrug	0.4%
Prothena Corp.	0.4%
Novavax	0.3%
Idorsia	0.2%
Achillion Pharmaceuticals	0.1%
Radius Health Warrants, 04/23/2018	0.1%
Radius Health Warrants, 02/19/2019	<0.1%
Total securities	CHF 3 627.1 mn
Other assets	CHF 10.7 mn
Other payables	CHF (99.1) mn
Total shareholders' equity	CHF 3 538.7 mn