

Press Release of March 4, 2010

Biotechnology industry continues to grow at double-digit rates

BB BIOTECH AG publishes its 2009 Annual Report

BB BIOTECH AG published its Annual Report for 2009 today. The company takes an overall positive view of the past fiscal year and, in light of the biotech industry's continued high innovation, above-average growth rates and historically low valuation, it also looks to 2010 with confidence.

BB BIOTECH AG's share price increased in 2009 by 14.9% in CHF excluding dividends (EUR +13.9%), which is in line with the strong performance of the Nasdaq Biotech Index (NBI) and the broader market indices. Net Asset Value (NAV) was up 5.8% at year-end (in USD incl. dividends). In keeping with the dividend policy announced in 2004, the Board of Directors will propose a dividend of CHF 3.70 at the General Meeting of Shareholders on March 29. BB BIOTECH's core participations reported significant achievements in their R&D programs as well as on the commercial front during the past year. Its investment in the US company Vertex Pharmaceuticals, the best performing stock in its portfolio, generated a return of 41% in 2009. Actelion reported another increase in Tracleer sales, its blockbuster product for PAH (pulmonary arterial hypertension), but in March 2010, after the close of last year's reporting period, Actelion announced that Tracleer had missed the primary endpoint in a study investigating the drug's efficacy in the treatment area of IPF (idiopathic pulmonary fibrosis).

Targeted expansion of portfolio with highly innovative companies

Over the past several years BB BIOTECH has succeeded in concentrating its investments even more on fast growing companies with innovative drugs that are producing better therapeutic results for patients. "Our structure as an investment company enables a sharper focus on specific investment ideas in the portfolio," notes Dr. Daniel Koller, Co-Head of the Management Team. A number of companies with novel drugs were added to the portfolio in 2009, including the following three names:

Novo Nordisk is a global market leader in the field of diabetes treatment with a 50% share of the insulin market. It reported convincingly strong sales growth as well as considerable success in developing its product pipeline (new generation of long-term insulin). According to the World Health Organization (WHO), more than 175 million people worldwide have diabetes. This population is expected to grow by 3% to 5% annually due to modern lifestyles.

BB BIOTECH provides young and promising companies with capital so they can independently finance and commercialize their development programs. One such company is **Probiodrug** in Germany. Its pioneering scientific approach to inhibiting glutamine cyclase in patients with Alzheimer's disease could mark a major breakthrough in the treatment of this disease, which remains a significant unmet medical need, and thereby help to curb the spiraling costs of treating Alzheimer's patients.

Another promising investment made by BB BIOTECH is **Micromet**. "We are impressed with Micromet's technology platform for developing bi-specific antibodies for the treatment of cancer. The positive clinical results achieved by this platform in treating lymphatic leukemia are very promising," comments Elhan Kosar, Co-Head of the Management Team.

Outlook

"BB BIOTECH's positive stance on the biotech sector in the coming years is based on the industry's novel and innovative products and its sustained sales and profit growth momentum," says Dr. Daniel Koller.

Now is an attractive time to invest in view of historically low valuations

The biotechnology sector continues to display strong innovation and high growth (estimated annual growth up to 2014: >11%) but the average P/E ratio has declined to a historically very low level of 17x.

New blockbuster drugs in R&D pipelines

Looking ahead, significant advancements can be expected in most major therapeutic areas and this offers excellent investment opportunities. A number of drugs with blockbuster sales potential of more than USD 1 billion are moving through R&D pipelines. Medical breakthroughs can be expected, especially in the fight against infectious diseases such as hepatitis C and severe bacterial infections. No less than 170 million people worldwide are infected with hepatitis C. Vertex's scheduled launch of Telaprevir in 2011 represents one of the most significant new drug launches in recent years. Amgen's denosumab for the treatment of osteoporosis and bone metastases could be another blockbuster product.

Biotech companies benefit as major pharmaceutical drugs lose patent protection

Major pharmaceutical products are coming off patent and their subsequent substitution with generics will free up an estimated USD 145 billion a year between now and 2014. This money can be spent, among other things, on developing new, innovative drugs and products without pushing up global healthcare costs. Since large drug companies are also under pressure to replenish their product pipelines, we can expect more news about licensing agreements and M&A activities. This means many biotech companies could become interesting takeover candidates regardless of their stage of development.

Innovative drugs not affected by increasing pressure to contain costs

US healthcare reform has been stalled by the new balance of power in the US Senate but we expect this legislation to be finalized in 2010. Proposals to extend health insurance coverage to uninsured US citizens would trigger additional demand for new drugs. At the same time government officials will continue to exert pressure on drug prices, restraining drug sales growth worldwide. Nevertheless, we are confident that bioengineered drugs displaying better safety and efficacy than conventional therapies will continue to generate high growth rates and attractive margins going forward. Personalized medicine will play a key role in this regard; genetic testing and biomarkers can be used to predict how well patients will respond to specific therapies.

The complete Annual Report 2009 is available on www.bbbiotech.com

For further information

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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 with CHF 1.5 bn asset under management 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.