

FINANCE

BIOTECH STOCKS SURGE TO RECORD HIGHS

NEW YORK—The boom is back in biotech. Steven Rosenberg's work at the National Cancer Institute, which demonstrated preliminary success using interleukin-2 on 30 cancer patients, made the evening news. November 25's issue of *Fortune* proclaimed that researchers "have now discovered how to use a small group of substances produced by the body's own immune system to control all cancers." And, as the Dow Jones industrial average attained the 1500 mark, biotech stocks have soared.

The *Bio/Technology* Index of Specialty Firms climbed almost 30 percent in the four weeks preceding December 9, reaching a record high of 1535. During that period, three large gainers were the companies highlighted in *Fortune*: Genentech stock gained 27 percent to \$70 per share, Immunex advanced 70 percent to \$14, and Cetus shot up 78 percent to about \$30. (Genentech's increase was fueled additionally by continued ru-

mors of it as a potential takeover target. Its market value now approaches \$1.2 billion, however, making it quite a large bite to swallow.) Among the monoclonal specialists, the companies awaiting final approvals on their acquisitions—Hybritech and Genetic Systems—moved very little. Centocor, by comparison, gained 25 percent to almost \$27.

Analysts now face the task of determining whether the upward trend will continue, or if the down-side of the roller coaster lies just around the next bend. Peter F. Drake, biomedical technology analyst for Kidder, Peabody (New York, NY), notes that the last two years have seen January rallies in biotechnology stocks. If this pattern repeats, he says, 1986 could prove a big year. If not, he predicts, the sector could be in for a pull-back.

Linda Miller of Paine Webber (New York, NY) says she is "very optimistic" for 1986, as she looks for new products, continued mergers and ac-

quisitions, and increased investment on the part of large companies. She predicts that the public market may open up again, so 1986 could see some of the few remaining private concerns making public offerings.

"I think 1986 might be the year when we start seeing through the smoke," and start getting meaningful clinical data on tissue-type plasminogen activator, gamma interferon, and the interleukins, says Steven Zimmer, vice president of Eberstadt Fleming (New York, NY). He notes, however, that many stock prices doubled in 1985, so they may currently be overvalued. "We're getting into dangerous territory now," he concludes.

"My hunch is that the biotechnology stocks will underperform the market in 1986," concurs Eugene J. Rothman, health care analyst for Alex. Brown (Boston, MA). "They may still go up," he adds, "but stocks in other industries may go up more."

—Arthur Klausner

STOCK PRICES OF SELECTED BIOTECHNOLOGY SPECIALTY FIRMS

	Price July 9, 1985	Price Dec. 9, 1985	Percent Change	52 Week Hi-Low	Market Capitalization in \$ millions (stock price × number of shares outstanding)
Companies Emphasizing Recombinant DNA Technology					
Advanced Genetic Sciences	3 ⁷ / ₈	4 ⁷ / ₈	+26	7 ³ / ₄ –2 ¹ / ₂	54
*Amgen	7 ³ / ₈	12 ⁷ / ₈	+75	15 ¹ / ₄ –4 ¹ / ₄	139
*Bio Logicals	1 ⁵ / ₁₆	1 ³ / ₁₆	–10	2 ¹ / ₈ –1 ⁵ / ₁₆	7
*Biogen	7 ⁷ / ₈	15 ⁵ / ₈	+98	18 ⁵ / ₈ –4 ³ / ₄	281
*Biotech Research Labs	6 ⁷ / ₈	9 ¹ / ₄	+35	10 ¹ / ₂ –6	49
*Biotechnica International	8 ³ / ₄	9 ³ / ₄	+18	10 ¹ / ₂ –6 ¹ / ₄	41
Biotechnology General	7 ¹ / ₂	8 ¹ / ₂	+13	8 ³ / ₄ –3 ³ / ₄	39
California Biotechnology	11 ³ / ₄	14 ¹ / ₄	+21	15–9 ¹ / ₂	93
*Cetus	10 ³ / ₄	29 ³ / ₈	+173	33 ³ / ₈ –8 ³ / ₈	673
Chiron	7 ¹ / ₄	12 ¹ / ₂	+56	15 ¹ / ₈ –4 ³ / ₈	89
*Collaborative Research	4	5 ¹ / ₄	+44	7 ¹ / ₈ –2 ³ / ₄	58
CooperBiomedical	2 ³ / ₁₆	1 ¹ / ₁₆	–17	5 ⁵ / ₈ –1 ⁵ / ₁₆	32
*Enzo Biochem	11 ¹ / ₈	14 ¹ / ₄	+33	21 ¹ / ₄ –10	131
*Genentech	46	70 ¹ / ₄	+53	75 ¹ / ₄ –31 ¹ / ₂	1187
*Genex	2 ⁷ / ₈	2 ³ / ₁₆	–24	7 ³ / ₄ –1 ³ / ₈	28
Integrated Genetics	3 ³ / ₄	5 ¹ / ₈	+37	6 ¹ / ₈ –3	43
*Molecular Genetics	6 ¹ / ₂	11 ¹ / ₄	+73	13–6 ¹ / ₈	70
Companies Emphasizing Antibody Production Technologies					
*Bio-Response	6 ⁷ / ₈	8 ¹ / ₈	+18	9 ³ / ₈ –3 ³ / ₄	66 ¹ / ₂
*Cambridge BioScience	4 ¹ / ₈	5	+21	5 ⁵ / ₈ –1 ¹ / ₈	21
*Centocor	17 ³ / ₄	26 ⁷ / ₈	+51	26 ⁷ / ₈ –8	194
*Damon Biotech	6 ¹ / ₂	9	+38	9 ¹ / ₄ –4 ¹ / ₈	174
*Genetic Systems	7	10	+43	10–5	198
*Hybritech	25	29 ¹ / ₂	+18	30 ¹ / ₈ –14	316
*Monoclonal Antibodies	9	18	+100	19 ¹ / ₄ –7 ³ / ₄	43
*Summa Medical	3 ¹ / ₈	2 ¹ / ₄	–12	4 ³ / ₄ –1 ³ / ₈	38
Companies Emphasizing Other Products or Biotechnologies					
Applied Biosystems	23	30	+30	30–8 ¹ / ₄	339
*Genetic Engineering Inc.	2 ¹ / ₈	1 ¹ / ₁₆	–50	4– ¹ / ₂	3
*Immunex	5 ³ / ₄	14	+143	16 ³ / ₄ –4	83
*Interferon Sciences	3 ³ / ₈	5 ¹ / ₄	+59	6 ¹ / ₂ –2 ¹ / ₂	23
*Ribi Immunochem	8	7 ³ / ₈	–5	10–3 ³ / ₈	26
Vega Biotechnologies	1 ⁷ / ₈	1 ¹ / ₁₆	+3	3 ³ / ₈ –1 ¹ / ₈	5

The BIO/TECHNOLOGY Index of Specialty Firms stands at 1535 as of Dec. 9, 1985, up from 987 on July 9, 1985. The Index is composed of the 23 companies in the chart that are marked by an asterisk. For a more complete explanation of the Index, see BIO/TECHNOLOGY 1:536.