

ANALYSTS EXPECT CONTINUED STOCK SURGE

NEW YORK, N.Y.—The *BioTechnology* Index of Specialty Firms climbed dramatically to 987 in July from a low of 627 last December. Buoyed by the strong performance of Genentech—which makes up a major part of the weighted average—the 57-percent gain puts the Index almost back up to the 1000 level where started in July 1983. What's more, analysts are optimistic that the increases will continue.

The best percentage gainers over the first two quarters of 1985 were small start-ups that obtained important contracts with larger firms. Cambridge BioScience (stock price up 230 percent) signed a pact with the Ortho Diagnostic Systems affiliate of Johnson and Johnson for proteins to screen blood for HTLV-III virus; Biotechnology General (up 161 percent) inked an accord with Pharmacia for hyaluronic acid; and California Biotechnology (up 100 percent) agreed to develop cardiovascular and diuretic agents with American Home

Products Corp., which also bought 15 percent of CalBiotech's stock.

Other large firms also took equity positions in genetic engineering companies: Syntex in Genetic Systems, Celanese in Endotronics, and Dupont in Biotech Research Labs. Peter F. Drake of Kidder, Peabody (New York, NY) believes this trend will continue, and he views it as a preparatory step for selected acquisitions that will occur in 1986.

Conversely, the biggest disappointment this year has been Genex (down 52 percent), which lost its phenylalanine production contract with G.D. Searle. "If Genex tanked like that in 1984, it would have sent our whole index into another long decline," says Drake. "And that hasn't happened."

Linda Miller of Paine Webber (New York, NY) groups this year's gainers into three categories: companies with profits and revenues from products (i.e. Hybritech and Centocor), companies whose products are building

momentum (such as Genentech with tissue-type plasminogen activator), and those that received investments from outsiders. She points out that scientific achievement has not necessarily been rewarded at the stock ticker. Immunex, for example, recently cloned and expressed two forms of interleukin-1, but its shares are selling near their all-time low. Miller reports that most of the gains by the biotech stocks occurred in the first few months of this year. "I think the stocks are going to perform better over the next six to twelve months than they did over the last six," she adds.

"I find very little to be discouraged about," concurs George Stasen, chairman of Pro Services (Blue Bell, PA). He believes that most of the short-term investors bailed out of biotech during last year's decline. With the overall market reaching all-time highs, he predicts the technology sector will follow. —Arthur Klausner

STOCK PRICES OF SELECTED BIOTECHNOLOGY SPECIALTY FIRMS

	Price Dec. 10, 1984	Price July 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 ³ / ₈	3 ⁷ / ₈	+15	7 ³ / ₄ –2 ¹ / ₄	43
*Amgen	4 ¹ / ₂	7 ³ / ₈	+64	8 ¹ / ₂ –3 ³ / ₄	80
*Bio Logicals	1 ¹ / ₄	1 ⁵ / ₁₆	+5	2 ¹ / ₈ –1	8
*Biogen	5 ¹ / ₄	7 ³ / ₈	+45	9–4 ¹ / ₄	142
*Biotech Research Labs	7 ¹ / ₄	6 ⁷ / ₈	–5	11 ¹ / ₄ –6 ¹ / ₄	36
*Biotechnica International	6 ⁷ / ₈	8 ¹ / ₄	+20	10 ¹ / ₂ –3 ³ / ₄	35
Biotechnology General	3 ³ / ₄	7 ¹ / ₂	+100	8 ³ / ₄ –3 ¹ / ₂	34
California Biotechnology	4 ¹ / ₂	11 ³ / ₄	+161	12–4 ¹ / ₄	76
*Cetus	8 ³ / ₈	10 ³ / ₄	+25	13 ¹ / ₈ –8 ³ / ₈	246
Chiron	4 ³ / ₈	7 ³ / ₄	+68	8 ³ / ₄ –4 ¹ / ₄	57
*Collaborative Research	4 ³ / ₄	4	–16	6 ¹ / ₂ –3 ³ / ₈	40
CooperBiomedical	2 ⁷ / ₈	2 ³ / ₁₆	–24	8 ⁷ / ₈ –2	39
*Enzo Biochem	15 ¹ / ₂	11 ¹ / ₈	–28	21 ¹ / ₄ –10 ⁷ / ₈	99
*Genentech	31 ³ / ₄	46	+45	56 ¹ / ₂ –28 ³ / ₄	777
*Genex	6	2 ⁷ / ₈	–52	13–2 ¹ / ₄	37
Integrated Genetics	3	3 ³ / ₄	+25	4 ³ / ₄ –2 ⁷ / ₈	32
*Molecular Genetics	7	6 ¹ / ₂	–7	10 ³ / ₄ –6	40
Companies Emphasizing Antibody Production Technologies					
*Bio-Response	4 ³ / ₈	6 ⁷ / ₈	+57	10 ³ / ₈ –3 ³ / ₈	56
*Cambridge BioScience	1 ¹ / ₄	4 ¹ / ₈	+230	5–1	17
*Centocor	9 ¹ / ₄	17 ³ / ₄	+92	19 ¹ / ₄ –8	128
*Damon Biotech	5	6 ¹ / ₂	+30	7 ³ / ₈ –4 ¹ / ₈	125
*Genetic Systems	5 ³ / ₈	7	+30	8 ³ / ₈ –4 ¹ / ₂	139
*Hybritech	14 ¹ / ₄	25	+75	26 ¹ / ₄ –11	268
*Monoclonal Antibodies	8 ³ / ₄	9	+3	12–7 ³ / ₄	22
*Summa Medical	3 ³ / ₈	3 ¹ / ₈	–14	5 ³ / ₈ –2 ¹ / ₂	43
Companies Emphasizing Other Products or Biotechnologies					
Applied Biosystems	13 ³ / ₈	23	+69	27 ⁷ / ₈ –10 ⁷ / ₈	260
*Genetic Engineering Inc.	2 ³ / ₄	2 ¹ / ₈	–23	4–1 ³ / ₈	5
*Immunex	7	5 ³ / ₄	–18	10 ¹ / ₂ –4	34
*Interferon Sciences	3	3 ³ / ₈	+21	5 ⁷ / ₈ –2 ¹ / ₂	14
*Ribi Immunochem	7 ³ / ₈	8	+5	10–3 ³ / ₈	27
Vega Biotechnologies	1 ¹ / ₁₆	1 ⁷ / ₈	+11	3 ³ / ₄ –1 ¹ / ₈	5

The BIO/TECHNOLOGY Index of Specialty Firms stands at 987 as of July 9, 1985, up from 627 on Dec. 10, 1984. 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.