1992 STOCK OFFERINGS

37 BIOTECH FIRMS RAISE \$1.3 BILLION

NEW YORK—Public financing of U.S. biotechnology companies soared to record heights last year. Fully 85 companies raised a staggering \$3.7 billion in stock offerings, including 39 initial public offerings (IPOs) that netted \$1.2 billion.

Such offerings continued their record-setting pace in this year's first quarter, as 37 biotech firms raised \$1.3 billion. The quarter saw IPOs outperform secondary offerings. Indeed, 21 companies went public, pulling in \$756 million, while 16 companies floated secondary offerings, taking home \$511 million.

The quarter got off to a fast start, before tapering off. In January, 18 com-

panies raised \$666.3 million. February, however, saw nine companies take home \$355.6 million, and March saw nine companies bring in just \$219.1 million. IPO performance mirrored this downward trend. In January, both Amylin (San Diego, CA) and Gilead Sciences (Foster City, CA) initially underpriced their offerings, so both ended up raising more money than they anticipated. Amylin, which targets diabetes, sold 4 million shares at \$14 apiece, after expecting to sell just 3 million shares at \$9 each. Gilead, an oligonucleotide firm, sold 5 million shares at \$15 each, though it anticipated selling only 3 million shares at \$12 apiece.

But the tide soon turned. For instance,

CytoTherapeutics (Providence, RI), a cell-therapy company, perhaps overpriced its March IPO. The company sold 2.25 million shares at \$11 each, but on the stock's first day of trading it fell 11.4 percent, to \$9.75 a share. "Demand was stronger below \$11 a share," says a biotech analyst.

The 37 companies with first-quarter offerings are targeting a host of technologies, from transcription factors to biocompatible devices. Yet firms focusing on drug delivery were the biggest winners, as six such companies raised \$205 million. They include Matrix Pharmaceuticals (Menlo Park, CA), Vestar (San Dimas, CA), Liposome Company (Princeton, NJ), Liposome Technology

(Menlo Park, CA), Zynaxis Cell Science (Malvern, PA), and Protein Polymer Technology (San Diego, CA). Agricultural biotech companies also fared well, with three companies raising \$85.7 million, including Biosys (Palo Alto, CA), EcoScience (Worcester, MA), and Calgene (Davis, CA).

Among underwriters, Hambrecht & Quist (San Francisco, CA) led the way, co-underwriting six offerings that raised \$265.5 million. Alex Brown (Baltimore, MD) was involved in four deals that brought in \$236.1 million, while Montgomery Securities (San Francisco, CA) played a role in five offerings that raised \$198.8 million.

Whether biotech stock offerings will continue their record-setting pace is anyone's guess. Plenty of companies are hopeful, though, as 21 IPOs and seven secondary offerings were in process as the first quarter ended. "Stay tuned," says Mark Edwards, managing director of Recombinant Capital (San Francisco, CA).

—B.J. Spalding

BIOTECH'S 1992 FIRST-QUARTER OFFERINGS

Company	Target	Date	Money Raised (\$ Millions)	Post-Money Valuation (\$ Millions)
INITIAL PUBLIC OFFERINGS				
Gilead Sciences	oligonucleotide drugs	1/92	86.3	226.2
Sphinx Pharmaceutical	transcription factors	1/92	75.0	177.0
Amylin	diabetes	1/92	64.4	242.2
I-Stat	blood analysis	2/92	55.5	155.4
Matrix Pharmaceuticals	drug delivery	1/92	52.5	148.5
Protein Design Labs	humanized monoclonals	1/92	52.5	192.0
Univax Biologics	infectious disease	2/92	48.0	133.2
Corvas International	cardiovascular disease	1/92	36.0	110.4
Target Therapeutics	biocompatible devices	1/92	35.4*	108.3
Biosys	biopesticides	3/92	31.2	88.8
EcoScience	biopesticides	2/92	28.6	67.1
ChemTrak	human diagnostics	2/92	26.0	115.7
Cytotherapeutics	cell therapy	3/92	24.8	85.8
Abaxis	blood analysis	1/92	23.9	63.8
Zynaxis	drug delivery	1/92	22.5	40.5
Cellcor	cell therapy	3/92	22.0	58.3
SciClone Pharmaceuticals	drug licensing	3/92	21.8	77.6
Telios Pharmaceuticals	extracellular matrix proteins	3/92	20.0	153.6
Deprenyl USA	photodynamic therapy	1/92	15.0	28.2
Protein Polymer Technologies	drug delivery	1/92	9.4	31.9
Biotime	blood substitute	3/92	4.8	12.8
Subtotals			755.6	2,317.3
SECONDARY PUBLIC OFFERINGS				
Applied ImmuneSciences	ex-vivo therapy	2/92	70.0	271.6
Vestar	drug delivery	2/92	50.0	268.0
Immologic Pharmaceuticals	autoimmune disease	1/92	45.5	236.6
Liposome Company	drug delivery	3/92	38.6	312.1
Somatix Therapy	gene therapy	2/92	34.5	144.9
Liposome Technology	drug delivery	3/92	32.0	291.2
Oncor	cancer diagnostics	1/92	31.5	105.0
Nova Pharmaceuticals	neurological disorders	1/92	30.6*	264.4
TSI	preclinical testing	1/92	29.3*	242.5
Advanced Tissue Sciences	cell therapy	2/92	29.0	314.7
Immunomedics	cancer imaging	1/92	28.0	408.8
Celtrix Pharmaceuticals	wound healing	3/92	23.9*	84.0
Genetic Therapy	gene therapy	1/92	22.5	139.5
Cel-Sci	cancer drugs	2/92	14.0	126.2
VimRx Pharmaceuticals	infectious disease	1/92	6.0	29.3
Subtotals			511.3	3,432.3
Combined Totals			1,266.9	5,749.6

IPOs in process: Affinity Biotech, Allscripts Pharmaceuticals, Alpha-Beta Technology, Biocircuits, Cardiovascular Imaging, Cell Genesys, Creative Biomolecules, Enzymatics, GenDerm, GenPharm International, Intramed Laboratories, LifeCell, Molecular Dynamics, Neozyme II, Neurex Pharmaceuticals, Seragen, Synaptic Pharmaceutical, Tanox Biosystems, TheraTech, Triplex Pharmaceuticals, Watson Pharmaceuticals.

Secondaries in process: Chantal Pharmaceuticals, Cygnus Therapeutic Systems, DynaGen, Icos, Medarex, Noven Pharmaceuticals, ProCyt.

*Doesn't include component of offering associated with sales by selling shareholders.

Source: Recombinant Capital (San Francisco, CA)