

A LOVE AFFAIR

# INSTITUTIONS INCREASE OWNERSHIP

NEW YORK—The love affair between financial institutions—players in over 75 percent of U.S. stock trades—and U.S. biotechnology companies is heating up. *Bio/Technology's* annual survey of institutional holders shows that 33.9 percent of the stock of 46 biopharmaceutical companies is institutionally owned, on average. Last year's survey, by comparison, showed that institutions owned an average of 30.8 percent of the stock of 36 biopharmaceutical companies (*Bio/Technology* 9:914, Oct. '91).

Perhaps the biggest reason for this increase is the huge amount of biotech stock institutions bought during biotechnology's record-shattering 1991/1992 public financing window, though institutions have unloaded a lot of these shares as biotech stock prices have slipped over the past few months. Of the 46 companies surveyed this year, the lion's share conducted stock offerings during the financing window, with institutions buying most of the stock these companies offered. Overall, the window—which seemed to slam shut as the 1992 second quarter ended—saw 132 firms raise \$5.2 billion.

Institutions hold a slightly greater stake in first-tier biotech companies this year. They own 55.7 percent of the stock of eight biotech companies with market capitalizations over \$400 million, on average, compared to last year's ownership of 53.5 percent of the stock of 11 first-tier firms. Among these companies, Genzyme (Cambridge, MA) has the highest percent of institutionally owned stock this year, at 79.2 percent.

Institutions also hold a greater stake in first-tier biotech firms than in established pharmaceutical firms. Institutions own an average of 50 percent of the stock of 13 major drug companies, with Pfizer (New York) leading the way, with 65.9 percent of its stock institutionally held. Drug companies, of course, financially dwarf biotech companies. Merck (Rahway, NJ), for instance, weighs in with a \$63.6 billion market cap and 1.2 billion outstanding shares, while Amgen (Thousand Oaks, CA) has an \$8.8 market cap and 131.9 million shares.

Institutions own a bigger share of second-tier biotech firms this year as well. They hold 41.4 percent of the stock of 11 biotech companies with market caps over \$100 million, on average. This contrasts with last year's ownership of an average of 27.5 percent of the stock of 12 second-tier firms. This year Immune Response (Carlsbad, CA) is the leading second-tier company, with 60.9 percent of its stock institutionally owned.

Institutions also hold a much greater share of third-tier biotech companies this year. On average, 24.4 percent of the stock of 27 biotech firms with products at least three years from market is institutionally owned this year, compared to last year's ownership of 14.8 percent of the stock of 13 third-tier companies. Among these firms, Cura-

tive Technologies (E. Setauket, NY) has the highest percent of institutionally owned stock this year, at 53.3 percent.

Yet institutional ownership has drawbacks. Institutions generally expect stocks to appreciate 15 percent to 25 percent over 18 months, an expectation that can force companies to focus on near-term payoffs. —B.J. Spalding

## Institutional Holdings

Company*	Number of Institutional Holders	Institutionally Owned Stock (%)
<b>Biopharmaceutical Companies</b>		
<b>Tier 1 (Market capitalizations over \$400 million)</b>		
Genzyme .....	195	79.2
Amgen .....	488	67.4
Biogen .....	185	65.1
Immunex .....	130	63.9
Chiron .....	32	63.2
Centocor .....	190	42.1
MedImmune .....	60	37.1
Xoma .....	75	27.5
<b>Average .....</b>	<b>169</b>	<b>55.7</b>
<b>Tier 2 (Market capitalizations over \$100 million)</b>		
Immune Response .....	88	60.9
Genzia Pharmaceuticals .....	105	58.6
Socs .....	83	58.1
ImmunoGen .....	60	49.9
Applied Immune Sciences .....	35	46.3
Alteon .....	34	43.4
Advanced Tissue Sciences .....	52	35.1
Idec Pharmaceuticals .....	40	33.7
Cytogen .....	72	31.9
Nova Pharmaceuticals .....	58	23.3
Interneuron Pharmaceuticals .....	18	14.3
<b>Average .....</b>	<b>59</b>	<b>41.4</b>
<b>Tier 3 (Products at least three years from market)</b>		
Curative Technologies .....	37	53.3
Somatix Therapies .....	41	48.2
Immologic Pharmaceutical .....	54	42.4
Alkermes .....	37	41.5
Cor Therapeutics .....	46	39.9
Cambridge Neurosciences .....	23	38.3
Glycomed .....	42	35.6
Gilead Sciences .....	33	34.8
Somatogen .....	52	34.0
Cephalon .....	30	32.8
Emisphere Technologies .....	28	30.7
Isis Pharmaceuticals .....	35	24.3
T Cell Sciences .....	36	23.6
Repligen .....	42	22.7
ImClone Systems .....	33	20.4
DNX .....	15	16.7
Regeneron Pharmaceutical .....	31	16.0
Genelabs Technology .....	27	14.8
Amylin Pharmaceuticals .....	30	14.4
Genetic Therapy .....	20	14.4
Sphinx Pharmaceuticals .....	20	12.6
Icos .....	28	10.5
Systemix .....	23	9.2
Genta .....	20	8.9
Protein Design Labs .....	24	8.4
Athena Neurosciences .....	19	5.7
Corvas International .....	8	3.5
<b>Average .....</b>	<b>31</b>	<b>24.4</b>
<b>Total .....</b>	<b>62</b>	<b>33.9</b>
<b>Established Pharmaceutical Companies</b>		
Pfizer .....	969	65.9
Lilly .....	793	64.9
Warner-Lambert .....	714	64.7
American Home Products .....	974	62.6
Schering-Plough .....	776	60.7
Upjohn .....	530	58.6
Bristol-Myers Squibb .....	1,310	58.3
Merck .....	1,197	56.0
Abbott Laboratories .....	942	51.4
Syntex .....	707	50.1
Rhone-Poulenc .....	199	22.2
SmithKline Beecham .....	199	22.2
Marion Merrell Dow .....	238	12.8
<b>Average .....</b>	<b>735</b>	<b>50.0</b>

\*Some information is up to 90 days out of date. Source: Vickers Stock Research (Huntington, NY).