

as by the demand by Hoffmann-La Roche (Basel) for the stock. We estimate that Roche will want to buy between 11 million Genentech shares—to get to 75 percent ownership of the firm—and 40 million shares—to get to 100 percent ownership—lifting the stock to our target price of \$60 by mid-1995.

We highlight five interesting near-term speculations. Gensia (San Diego, CA) has recently completed its phase III trial of Protara in bypass surgery. We expect the results to be announced in October and for them to be successful, leading to stock-price appreciation to about \$25. We

expect Immune Response (Carlsbad, CA) to be able to file for accelerated approval of its therapeutic HIV vaccine, which could lift the stock, as we continue to expect approval of the vaccine in 1995. SciClone has gained rights to thymosin for hepatitis in the U.S., as well as Asia, including U.S. trials as an adjunct to interferon alpha in hepatitis C, where results are already statistically significant. Data from a phase III trial in Taiwan appear to be promising and, if successful in September, would lift the stock back toward \$20, as SciClone prepares to launch thymosin in

Singapore and Taiwan. Cor Therapeutics is finishing its phase III trial of Integrelin in angioplasty, and we expect the same efficacy as Centocor's ReoPro, but no increase in major bleeding. If so, Integrelin should become the dominant product when launched in 1996. Finally, Univax (Rockville, MD) appears to be on track to receive FDA approval for WinRho in idiopathic thrombocytopenic purpura later this year. Although this is a modest market, sales of WinRho could push Univax toward profitability and provide a base for earnings growth from other products in phase II trials. ///

Third quarter sees 5 firms raise \$64.3 million

“Who knows why recent third quarters have been so bad. Maybe the markets have just plain stunk.”

SAN FRANCISCO—This year has seen the rule of thumb governing the public financing of U.S. biotech firms only gradually take hold, a rule that dictates that if biotech stock prices plummet so, too, does biotech public financing. Biotech stock prices have indeed plummeted this year, tumbling an average of 30 percent by the end of the third quarter, as too many clinical-trial failures of too many high-profile products drove jaded investors out of the sector. Oddly, though, biotech public financing has been slow to follow this downward spiral. This year's first quarter, in fact, saw 22 companies raise a respectable \$520.9 million through public stock offerings, while the second quarter

saw 10 firms raise \$272.4 million through such offerings. The third quarter, however, saw the bottom drop out, as just 5 firms raised a mere \$64.3 million through public offerings (Table 1).

Yet recent public-financing history shows that weak third quarters are the rule. In 1993, a year in which 67 firms brought in \$1.6 billion through public offerings, the third quarter witnessed just 10 firms take in \$152.4 million. And in 1992, a year in which 75 firms took home \$2 billion in public offerings, the third quarter saw only 8 companies raise \$156.4 million. “Who knows why recent third quarters have been so bad. Maybe investment bankers have been on summer vacation. May-

be investors have been on vacation. Or maybe the markets have just plain stunk,” speculates Mark Edwards, managing director of Recombinant Capital (San Francisco, CA).

Overall, though, this year has seen 38 companies bring in \$929.6 million through three quarters of public offerings. “To date, that's not all that bad of a showing,” says Edwards, adding that “the fourth quarter is what will make or break 1994, what will ultimately determine whether it's a good year or a bad year.” The fourth quarter, for that matter, opened on a somewhat optimistic note, with 15 firms in registration, including 10 initial public offerings and 5 secondary offerings. —B.J. Spalding

TABLE 1. Biotech's 1994 third-quarter offerings.

Company	Focus	Date	Money Raised (\$ Millions)	Post-Money Valuation (\$ Millions)
Initial Public Offerings				
GeneMedicine	Gene therapy	July	14.3	69.8
Xenova	Microbial screening	July	10.0	80.0
Medarex	Monoclonal antibodies	July	3.8	27.6
Subtotals			28.1	177.4
Secondary Public Offerings				
Univax	Polyclonal antibodies	September	22.0	94.1
Telios	Extracellular matrix peptides	September	14.3	132.1
Subtotals			36.3	226.2
Combined totals			64.3	403.6

IPOs in process: ANDRX, Anesta, Arcturus, Bio-Plexus, Biotransplant, Gendern, Guilford, NaPro BioTherapeutics, Northfield Labs, Sugen.
 Secondaries in process: Biomagnetics, Genelabs, Interferon Sciences, Neoprobe, North American Vaccine.
 Source: Recombinant Capital (San Francisco, CA).