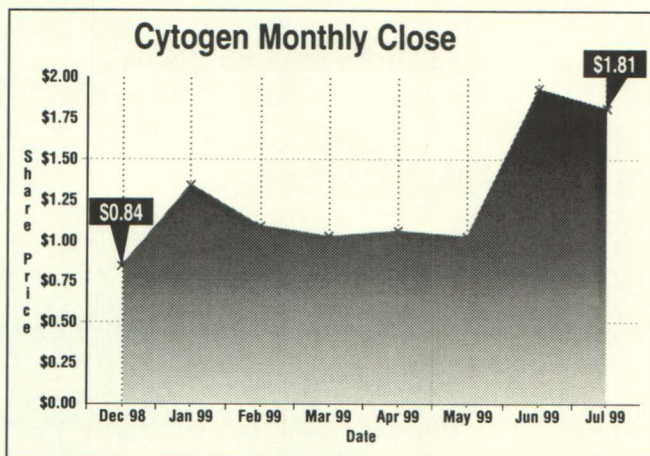


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## STOCK TO WATCH: CYTOGEN



By Rob Garver

Could it be that Cytogen (Nasdaq: CYTO), the Princeton-area biotech company known more for management troubles than for its three FDA-approved products, is ready to regain Wall Street credibility? Recent news suggests the company's restructuring under CEO H. Joseph Reiser may have laid the foundation for profitability.

On Thursday, the company announced the State of Wisconsin Investment Board, one of the world's largest pension funds and already a large institutional holder of Cytogen stock, had invested a further \$5 million in the firm. Additionally, Michael Becker, a Chicago analyst who publishes the Beck on Biotech newsletter, recently added Cytogen to his model portfolio.

While Becker's name isn't widely known, his spotlight portfolio has achieved impressive results since its inception in July 1998, achieving an internal return rate of 164% over the past 13 months. Becker's track record with News Jersey stocks is even more impressive. He added Piscataway's Enzon to the portfolio on July 11 at \$6.44 per share, and the company hit an all-time high of \$27.00 last week. He added Plainsboro-based Liposome last November at \$7.21. The company recently touched \$28.50.

Cytogen has three commercially available products: ProstaScint, a compound used for prostate cancer diagnostic imaging; OncoScint, for ovarian

and colon cancer diagnostic imaging; and Quadramet, which is used to treat bone pain resulting from the spread of cancer.

Asked why he has confidence in a company whose stock closed at \$1.68 last Thursday (Cytogen's all-time high was \$34.25 per share in January 1992) Becker says: "When you look at this company and its sordid history, you can feel confident that a turnaround is taking effect, and they have three FDA-approved products, which is virtually unheard of in the biotech arena."

The "sordid" history that Becker referred to—only partly in jest—involved a series of CEOs who, focused more on the scientific side of the business than the financial, aggravated analysts and investors alike with expensive and non-remunerative projects. Reiser, the current CEO, was brought in to get the company back on track, and Becker is convinced he is doing the job. "He has been able to reduce expenses and contain costs, they are partnering some of their breakthrough technologies with companies that can help get them to market more quickly, and their burn rate is down to \$400,000 per month," says Becker. The reduced burn rate (the amount of money the company spends on operating expenses) means,

including the Wisconsin investment, the company now has two years worth of operating capital on hand.

In a press release announcing its investment last Thursday, John Nelson, Investment Director for the State of Wisconsin Investment Board said, "We are happy to make an additional investment in Cytogen Corporation and are pleased with their management and scientific talent and the progress being made at the company. We have confidence in the company's ability to reach its potential."

What that is, exactly, depends on how far into the future one wants to look. Cytogen's long-term upside potential may be increased by the development of an experimental cancer treatment. Becker points out that studies have suggested the same protein that ProstaScint targets in order to identify prostate cancer cells might be present in the blood vessels that form to feed all cancerous tumors. Given the recent scientific (and investor) interest in cancer therapies that attack the blood supply of tumors, Becker notes, "Should further evidence...materialize, the value of the ProstaScint scan in other types of cancers may be quite impressive." ■

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