BIND Therapeutics

Equity Research

Earnings Update

August 7, 2014

Price: $9.06 (08/6/2014)

Price Target: NA

OUTPERFORM (1)

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Key Data

Symbol	NASDAQ: BIND
52-Week Range:	$15.89 - 8.00
Market Cap (MM):	$149.0
Net Debt (MM):	$(54.4)
Cash/Share:	$3.78
Dil. Shares Out (MM):	16.5
Enterprise Value (MM):	$91.7
ROIC:	NA
ROE (LTM):	NA
BV/Share:	$4.22
Dividend:	NA

FY (Dec)	2013A	2014E	2015E
Earnings Per Share			
Q1	$(1.34)	$(0.51)A	-
Prior Q1	-	-	-
Q2	$(1.27)	$(0.51)A	-
Prior Q2	-	*$(0.53)*	-
Q3	$(2.70)	$(0.57)	-
Prior Q3	-	*$(0.54)*	-
Q4	$(0.50)	$(0.65)	-
Prior Q4	-	*$(0.50)*	-
Year	$(5.19)	$(2.24)	$(1.85)
Prior Year	-	*$(2.08)*	-
P/E	NM	NM	NM
Consensus EPS	$(3.44)	$(2.06)	$(0.98)
Consensus source: Thomson Reuters			
Revenue (MM)			
Year	$10.9	$10.0	$25.0
Prior Year	-	*$16.6*	-
EV/S	8.4x	9.2x	3.7x

Reports Q2; BIND-014 Data Ahead

The Cowen Insight

BIND ended Q2 with $59MM in cash, sufficient to fund operations through mid-2015. This timeframe will see the release of data from BIND-014's Phase II trials in mCRPC and NSCLC; initiation of BIND-014 Phase II trials in KRAS+ NSCLC and cervical, bladder, cholangia, and neuroendocrine cancers; nomination of a second internally developed Accurin, and filing of an IND for a partnered Accurin.

Financial Update

This morning BIND released Q2 financials. The company reported a net loss of $8.4MM, essentially in line with our $8.9MME. BIND ended the quarter with a cash balance of $58.7MM, which management projects is sufficient to fund operations through mid-2015.

Phase II BIND-014 Data In Q4

BIND-014 is an Accurin designed to preferentially deliver docetaxel to PSMA expressing cancers. Phase I data provided encouraging signs of efficacy across multiple tumor types using both Q1W and Q3W dosing. BIND-014 is currently in Phase II trials for both mCRPC and NSCLC. The single-arm Q3W mCRPC trial is fully enrolled (40 patients) and management expects to provide data in Q4:14. BIND is examining both Q1W and Q3W dosing regimens within the NSCLC study. The Q1W arm of the existing NSCLC trial is continuing to enroll. The Q3W arm is fully enrolled and top-line data is anticipated for Q4:14. The Q3W arm has passed an interim futility analysis which also revealed 2 partial responses and 2 disease stabilizations (>12 weeks) in 6 KRAS mutant patients. Literature suggests naked docetaxel would produce a response rate of 0-5% within these patients. Consequently, management is planning to initiate a single arm 20 patient KRAS+ NSCLC Phase II trial by YE:14. Management also intends to initiate a new Phase II trial for BIND-014 which will enroll patients with cervical, bladder, cholangia, and neuroendocrine cancers by YE:14. BIND is also expected to nominate BIND's next internally developed Accurin by YE:14. Finally, management expects to file an IND from a partnered Accurin during Q1:15.

Our Thesis On BIND Shares

We view Accurins as the leading nanoparticle delivery platform and expect shares to outperform as lead candidate BIND-014 (nanoparticle docetaxel) progresses in development. Early data suggest BIND-014 is differentiated from docetaxel, and ongoing Phase II trials could produce data in H2:14 to support an improved efficacy profile. Should BIND-014 achieve its target profile of superiority to docetaxel, the rewards to BIND, which owns 100% rights, could be enormous: docetaxel sales peaked at over $3B in 2009 prior to generics.

At A Glance

Our Investment Thesis

Early data suggest BIND-014 is differentiated from docetaxel, and ongoing trials could produce data in H2:14 to support an improved efficacy profile. Should BIND-014 achieve its target profile of superiority to docetaxel, the rewards to Bind, which owns 100% rights, could be very large: docetaxel sales peaked at over $3B in 2009. Following a September 2013 IPO that raised over $70MM in gross proceeds, Bind has $59MM in cash, enough to fund operations through mid-2015. We expect shares to outperform as BIND-014 advances and investor appreciation for the company's Accurin platform grows.

Forthcoming Catalysts

- Top-line Phase II data for BIND-014 in mCRPC in Q4:14
- Top-line Phase II data for BIND-014 in NSCLC in Q4:14
- Announce the next internally-developed Accurin (likely solid tumor directed)

Base Case Assumptions

- BIND-014 demonstrates a differentiated profile from docetaxel
- No BIND-014 sales until at least 2019
- Partner BIND-014 ex-US to defray Phase III development costs
- No significant payments from current Accurin partnerships

Upside Scenario

- Partnered Accurins demonstrate significant revenue potential
- BIND-014 demonstrates efficacy sufficient for accelerated approval

Downside Scenario

- BIND-014 does not demonstrate a differentiated profile from docetaxel
- FDA changes its stance on BIND-014's suitability for the 505(b)2 pathway

Price Performance

Source: Bloomberg

Company Description

Bind Therapeutics is developing novel oncology candidates using a nanomedicine-based drug delivery platform. The company's "Accurins" aim to deliver high concentrations of small molecule drugs to tumors and other selective sites in the body where they can have the greatest therapeutic effect. Unlike prior generation particle-based technologies, Accurins are adaptable (able to accommodate many active drug substances), programmable (in terms of size, release kinetics, and targeting ligands), and easy to manufacture. Lead candidate BIND-014, an Accurin that delivers docetaxel (Taxotere) to cells that overexpress PSMA, is in Phase II development for prostate cancer and lung cancer. Bind has also parlayed its Accurin technology into collaborative relationships with Astra Zeneca, Pfizer, and Roche with deal economics (ex. >$450MM in pre-commercial milestones, mid- to high-single digit royalties) that appear attractive.

Analyst Top Picks

	Ticker	Price (08/6/2014)	Price Target	Rating
Sunesis Pharmaceuticals	SNSS	$6.95	$NA	Outperform
bluebird bio	BLUE	$35.39	$NA	Outperform
Relypsa	RLYP	$23.52	$NA	Outperform

Investment Thesis

Bind Therapeutics is developing novel oncology candidates using a nanoparticle-based drug delivery platform. The company's "Accurins" aim to deliver high concentrations of small molecule drugs to tumors and other selective sites in the body where they can have the greatest therapeutic effect. Unlike prior generation particle-based technologies, Accurins are adaptable (able to accommodate many active drug substances), programmable (in terms of size, release kinetics, and targeting ligands), and easy to manufacture. Lead candidate BIND-014, an Accurin that delivers docetaxel (Taxotere) to cells that express PSMA, is in Phase II development for prostate cancer and lung cancer. Phase I/II data suggest BIND-014 is differentiated from docetaxel, and ongoing Phase II trials could produce data in H2:14 to support an improved efficacy profile. Should BIND-014 achieve its target profile of superiority to docetaxel, the rewards to Bind, which owns 100% rights, could be very large: docetaxel sales peaked at over $3B in 2009. Bind has also parlayed its Accurin technology into collaborative relationships with Astra Zeneca, Pfizer, and Roche. These partners are deploying Accurins against top oncology targets, with deal economics (ex. >$450MM in pre-commercial milestones, mid- to high-single digit royalties) that appear attractive. Bind has $59MM in cash, enough to fund operations through mid-2015. We expect shares to outperform as investor appreciation for BIND-014 and the Accurin platform grows.

BIND Therapeutics - Upcoming Milestones/Events

Indication/Milestone	Timing
Initiate Phase II trial of BIND-014 in KRAS+ NSCLC	H2:14
Initiate Phase II trial of BIND-014 in cervical, bladder, cholangio and neuroendocrine cancers	H2:14
Candidate selection for internally-developed Hematologic Cancer Accurin	H2:14
Top-line Phase II data on BIND-014 in mCRPC	Q4:14
Top-line Phase II data on BIND-014 in NSCLC	Q4:14
Additional pre-clinical partnership milestones/options	2014
First IND on partnered Accurin	Q1:15

Source: Cowen and Company

BIND Therapeutics Quarterly P&L

	Q1:13A	Q2:13A	Q3:13A	Q4:13A	2013A	Q1:14A	Q2:14A	Q3:14E	Q4:14E	2014E
BIND-014 Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Collaborative and Grant Revenue	1.5	2.8	4.6	2.1	10.9	1.6	2.5	3.0	3.0	10.0
Total Revenue	**1.5**	**2.8**	**4.6**	**2.1**	**10.9**	**1.6**	**2.5**	**3.0**	**3.0**	**10.0**
Y/Y growth					*941%*	*5%*	*-11%*	*-34%*	*45%*	*-8%*
COGS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
R&D	5.7	6.0	5.3	7.4	24.4	6.8	6.9	8.5	10.0	32.2
SG&A	2.0	2.4	6.3	2.7	13.4	3.3	3.8	3.8	3.8	14.6
Total Expenses	**7.6**	**8.4**	**11.6**	**10.1**	**37.8**	**10.1**	**10.7**	**12.3**	**13.8**	**46.9**
Operating Income/Loss	**(6.1)**	**(5.6)**	**(7.1)**	**(8.0)**	**(26.9)**	**(8.5)**	**(8.2)**	**(9.3)**	**(10.8)**	**(36.8)**
Non-Operating Income	(0.2)	(0.3)	(0.3)	(0.0)	(0.8)	0.2	(0.2)	(0.2)	(0.2)	(0.4)
Accretion of Redeemable Convertible Stock	(1.3)	(1.4)	(1.0)		(3.7)					
Pre-tax Income/Loss	**(7.6)**	**(7.3)**	**(8.3)**	**(8.1)**	**(31.4)**	**(8.3)**	**(8.4)**	**(9.5)**	**(11.0)**	**(37.3)**
Tax rate (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Provision for income taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income (Loss)	**(7.6)**	**(7.3)**	**(8.3)**	**(8.1)**	**(31.4)**	**(8.3)**	**(8.4)**	**(9.5)**	**(11.0)**	**(37.3)**
GAAP EPS	**($1.34)**	**($1.27)**	**($2.70)**	**($0.50)**	**($5.19)**	**($0.51)**	**($0.51)**	**($0.57)**	**($0.65)**	**($2.24)**
Diluted Shares	5.7	5.8	3.1	16.3	6.0	16.4	16.5	16.8	17.0	16.7

Source: Cowen and Company

BIND Therapeutics Annual P&L

	2013A	2014E	2015E	2016E	2017E	2018E
BIND-014 Revenue	0.0	0.0	0.0	0.0	0.0	0.0
Collaborative and Grant Revenue	10.9	10.0	25.0	30.0	32.0	35.0
Total Revenue	**10.9**	**10.0**	**25.0**	**30.0**	**32.0**	**35.0**
Y/Y growth	941%	-8%	149%	20%	7%	9%
COGS	0.0	0.0	0.0	0.0	0.0	0.0
R&D	24.4	32.2	58.0	70.0	80.0	85.0
SG&A	13.4	14.6	12.0	14.0	16.0	20.0
Total Expenses	**37.8**	**46.9**	**70.0**	**84.0**	**96.0**	**105.0**
Operating Income/Loss	(26.9)	(36.8)	(45.0)	(54.0)	(64.0)	(70.0)
Non-Operating Income	(0.8)	(0.4)	(1.2)	(1.2)	(1.5)	(1.0)
Accretion of Redeemable Convertible Stock	(3.7)					
Pre-tax Income/Loss	(31.4)	(37.3)	(46.2)	(55.2)	(65.5)	(71.0)
Tax rate (%)	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Provision for income taxes	0.0	0.0	0.0	0.0	0.0	0.0
Net Income (Loss)	(31.4)	(37.3)	(46.2)	(55.2)	(65.5)	(71.0)
GAAP EPS	**($5.19)**	**($2.24)**	**($1.85)**	**($2.05)**	**($2.05)**	**($2.15)**
Diluted Shares	6.0	16.7	25.0	27.0	32.0	33.0

Source: Cowen and Company

Valuation Methodology And Risks

Valuation Methodology

Biotechnology:

In calculating our 12-month target price, we employ one or more valuation methodologies, which include a discounted earnings analysis, discounted cash flow analysis, net present value analysis and/or a comparable company analysis. These analyses may or may not require the use of objective measures such as price-to-earnings or price-to-sales multiples as well as subjective measures such as discount rates.

We make investment recommendations on early stage (pre-commercial) biotechnology companies based upon an assessment of their technology, the probability of pipeline success, and the potential market opportunity in the event of success. However, because these companies lack traditional financial metrics, we do not believe there are any good methodologies for assigning a specific target price to such stocks.

Investment Risks

Biotechnology:

There are multiple risks that are inherent with an investment in the biotechnology sector. Beyond systemic risk, there is also clinical, regulatory, and commercial risk. Additionally, biotechnology companies require significant amounts of capital in order to develop their clinical programs. The capital-raising environment is always changing and there is risk that necessary capital to complete development may not be readily available.

Risks To The Price Target

Bind Therapeutics has no approved products, limited revenue, and will likely need to raise additional capital from the public markets prior to turning profitable. There is limited clinical trial experience on lead candidate BIND-014, or BIND's Accurin platform more broadly. Moreover, BIND-014 faces a number of clinical, regulatory, and commercial hurdles prior to becoming successful, and projecting any future sales for BIND-014 is inherently difficult.

Addendum

Stocks Mentioned In Important Disclosures

Ticker	Company Name
BIND	BIND Therapeutics
BLUE	bluebird bio
RLYP	Relypsa
SNSS	Sunesis Pharmaceuticals

Analyst Certification

Each author of this research report hereby certifies that (i) the views expressed in the research report accurately reflect his or her personal views about any and all of the subject securities or issuers, and (ii) no part of his or her compensation was, is, or will be related, directly or indirectly, to the specific recommendations or views expressed in this report.

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Sunesis Pharmaceuticals is or was in the past 12 months a client of Cowen and Company, LLC; during the past 12 months, Cowen and Company, LLC provided Non-Security services.

BIND Therapeutics, bluebird bio, Relypsa and Sunesis Pharmaceuticals have been client(s) of Cowen and Company, LLC in the past 12 months.

Cowen and Company, LLC and/or its affiliates expect to receive, or intend to seek, compensation for investment banking services in the next 3 months from bluebird bio and Sunesis Pharmaceuticals.

BIND Therapeutics, bluebird bio, Relypsa and Sunesis Pharmaceuticals is or was in the past 12 months a client of Cowen and Company, LLC; during the past 12 months, Cowen and Company, LLC provided IB services.

Cowen and Company, LLC and/or its affiliates received in the past 12 months compensation for investment banking services from BIND Therapeutics, bluebird bio, Relypsa and Sunesis Pharmaceuticals.

Cowen and Company, LLC and/or its affiliates managed or co-managed a public offering of BIND Therapeutics, bluebird bio, Relypsa and Sunesis Pharmaceuticals within the past twelve months.

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Cowen and Company Rating System effective May 25, 2013

Outperform (1): The stock is expected to achieve a total positive return of at least 15% over the next 12 months

Market Perform (2): The stock is expected to have a total return that falls between the parameters of an Outperform and Underperform over the next 12 months

Underperform (3): Stock is expected to achieve a total negative return of at least 10% over the next 12 months

Assumption: The expected total return calculation includes anticipated dividend yield

Cowen and Company Rating System until May 25, 2013

Outperform (1): Stock expected to outperform the S&P 500

Neutral (2): Stock expected to perform in line with the S&P 500

Underperform (3): Stock expected to underperform the S&P 500

Assumptions: Time horizon is 12 months; S&P 500 is flat over forecast period

Cowen Securities, formerly known as Dahlman Rose & Company, Rating System until May 25, 2013

Buy – The fundamentals/valuations of the subject company are improving and the investment return is expected to be 5 to 15 percentage points higher than the general market return

Sell – The fundamentals/valuations of the subject company are deteriorating and the investment return is expected to be 5 to 15 percentage points lower than the general market return

Hold – The fundamentals/valuations of the subject company are neither improving nor deteriorating and the investment return is expected to be in line with the general market return

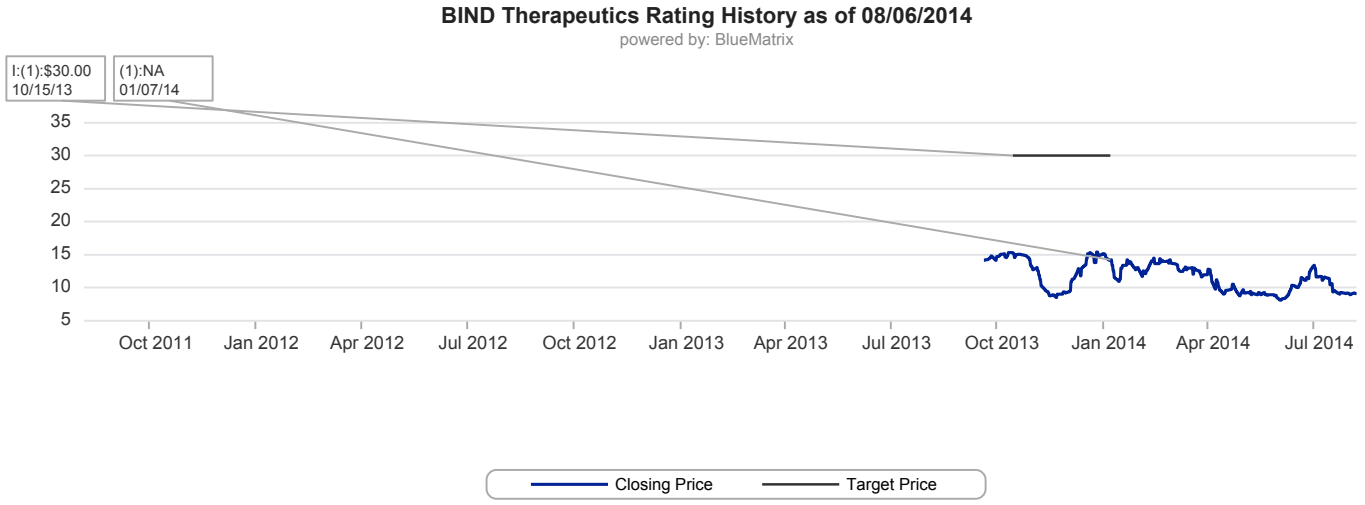
Cowen And Company Rating Definitions

Distribution of Ratings/Investment Banking Services (IB) as of 06/30/14

Rating	Count	Ratings Distribution	Count	IB Services/Past 12 Months
Buy (a)	417	58.57%	94	22.54%
Hold (b)	279	39.19%	7	2.51%
Sell (c)	16	2.25%	0	0.00%

(a) Corresponds to "Outperform" rated stocks as defined in Cowen and Company, LLC's rating definitions. (b) Corresponds to "Market Perform" as defined in Cowen and Company, LLC's ratings definitions. (c) Corresponds to "Underperform" as defined in Cowen and Company, LLC's ratings definitions.

Note: "Buy", "Hold" and "Sell" are not terms that Cowen and Company, LLC uses in its ratings system and should not be construed as investment options. Rather, these ratings terms are used illustratively to comply with FINRA and NYSE regulations.



bluebird bio Rating History as of 08/06/2014

powered by: BlueMatrix

Relypsa Rating History as of 08/06/2014

powered by: BlueMatrix

Sunesis Pharmaceuticals Rating History as of 08/06/2014

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Rating Change - 2/21/2006 - Outperform Rating

Legend for Price Chart:

I = Initiation | 1 = Outperform | 2 = Market Perform | 3 = Underperform | UR = Price Target Under Review | T = Terminated Coverage | $xx = Price Target | NA = Not Available | S=Suspended

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