

BIND Therapeutics, Inc. (BIND)

Incremental Impact to Valuation on Close of Amgen Collaboration

MARKET DATA

Price	\$12.88
52-Week Range:	\$8.00 - \$15.89
Shares Out. (M):	15.8
Market Cap (\$M):	\$203.5
Average Daily Vol. (000):	115.0
Cash (M):	\$69
Cash/Share:	\$4.18
Enterprise Value (M):	\$97
Float (M):	13.2
LT Debt (M):	\$3

Source: Thomson Reuters and JMP Securities LLC

MARKET OUTPERFORM | Price: \$12.88 | Target Price: \$30.00

INVESTMENT HIGHLIGHTS

BIND Therapeutics announces the close of its Accurin nanomedicine collaboration with Amgen (AMGN, NC); reiterate our Market Outperform rating and \$30 price target based on our DCF, CAGR, and comparable company valuation methodologies. The research collaboration with Amgen, launched in January 2013, was directed at developing an Accurin-based formulation of an undisclosed proprietary small molecule for the treatment of solid tumors. BIND was eligible to receive up to \$201MM in potential development and commercial milestones. Excluding these from our model (which was predominantly back-end loaded) bears an incremental negative impact to our valuation by DCF (\$29.23 versus \$31.74 previously). We retain a high level of conviction with BIND-014 and the Accurin development platform, supported by encouraging preliminary objective response data with BIND-014 in KRAS mutant NSCLC, compelling preclinical data from the ongoing collaboration with AstraZeneca (AZN, NC) using an Accurin formulation of barasertib, and the recently announced collaboration with Roche (RHHBY, NC) for non-oncology indications. We view the Roche collaboration as a source of future upside; however, it is difficult to discount at present given a lack of visibility. We remain buyers on any potential weakness resulting from this announcement.

FY DEC		2013A	2014E	2015E
Revenue (\$M)	1Q	\$0.0	\$1.6A	\$1.8
	2Q	\$0.0	\$1.8	\$5.0
	3Q	\$0.0	\$5.0	\$3.0
	4Q	\$0.0	\$3.0	\$11.4
	FY	\$0.0	\$11.4	\$60.5
EPS	1Q	(\$0.23)	(\$0.51)A	(\$0.63)
	2Q	(\$0.54)	(\$0.63)	(\$0.48)
	3Q	(\$2.70)	(\$0.48)	(\$0.60)
	4Q	(\$0.50)	(\$0.60)	(\$2.07)
	FY	(\$5.18)	(\$2.07)	(\$0.86)
Previous FY		NC	(\$1.63)	(\$0.36)

Source: Company reports and JMP Securities LLC

STOCK PRICE PERFORMANCE

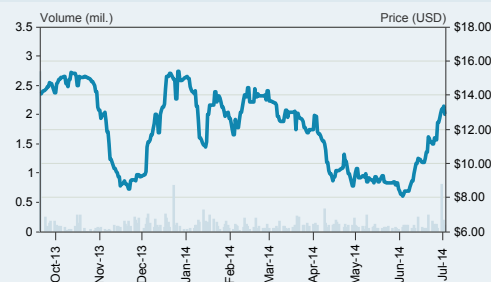


FIGURE 1. Upcoming Catalysts

Timing	Catalyst
3Q14	Initiation of 20-pt signal-finding Phase II trial in KRAS+ NSCLC
3Q14	Initiation of Phase II trial in PSMA-expressing tumor types
2H14	Announcement of second proprietary pipeline candidate
2014	IND filing from partnership program(s)
2H14	Data read-out from BIND-014 Phase II NSCLC study
2H14	Data read-out from BIND-014 Phase II mCRPC study

Source: Company presentations

FIGURE 2. Synthesis of Price Target

Synthesis of Valuation Approaches	
Approach	Valuation
DCF Analysis	\$29.23
CAGR	35.49
Comparables	29.90
Price Target	\$30.00

Source: JMP Securities LLC, Company reports

FIGURE 3. Updated DCF Model

Discounted Cash Flow Model	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
BIND-014 Revenue												
NSCLC, US	-	-	-	95.5	120.5	209.0	325.1	493.5	758.2	975.5	1,148.1	1,249.5
CRPC, US	-	-	-	-	47.6	132.1	258.0	457.4	615.8	773.2	857.8	946.8
Ex-US Royalties	-	-	-	-	6.8	28.4	53.8	87.8	144.7	203.0	258.9	299.3
Collaboration Revenue	8.0	60.5	29.0	35.0	20.0	26.5	42.0	32.5	17.5	-	-	-
Total Revenues	\$ 8.0	\$ 60.5	\$ 29.0	\$ 130.5	\$ 194.8	\$ 396.0	\$ 678.8	\$ 1,071.1	\$ 1,536.2	\$ 1,951.7	\$ 2,264.8	\$ 2,495.6
Cost of product sales				9.5	16.8	34.1	58.3	95.1	137.4	174.9	200.6	219.6
COGS as % of revenue				10%	10%	10%	10%	10%	10%	10%	10%	10%
Gross Profit	8.0	60.5	29.0	120.9	178.0	361.9	620.5	976.0	1,398.8	1,776.8	2,064.2	2,276.0
R&D expense	30.9	54.1	94.7	137.3	162.0	186.3	208.7	225.4	243.4	262.9	283.9	306.6
R&D as a % of revenue	387%	89%	327%	105%	83%	47%	31%	21%	16%	13%	13%	12%
SG&A expense	18.1	23.5	35.2	61.6	92.4	129.4	155.3	178.6	200.0	216.1	233.3	252.0
SG&A as a % of revenue	226%	39%	121%	47%	47%	33%	23%	17%	13%	11%	10%	10%
Total operating expenses	49.0	77.6	129.9	199.0	254.5	315.8	364.0	404.0	443.5	479.0	517.3	558.7
% Margin	612%	128%	448%	153%	131%	80%	54%	38%	29%	25%	23%	22%
Operating income (EBIT)	(41.0)	(17.1)	(100.9)	(78.0)	(76.5)	46.1	256.5	572.0	955.3	1,297.9	1,547.0	1,717.4
Taxes	0.0	0.0	0.0	0.0	0.0	6.9	51.3	143.0	286.6	454.3	541.4	601.1
Tax rate	0%	0%	0%	0%	0%	15%	20%	25%	30%	35%	35%	35%
After tax operating income	(41.0)	(17.1)	(100.9)	(78.0)	(76.5)	39.2	205.2	429.0	668.7	843.6	1,005.5	1,116.3
Discount year	0.00	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00	11.00
Discount factor	1.0	1.3	1.7	2.2	2.9	3.7	4.8	6.3	8.2	10.6	13.8	17.9
PV	(41.0)	(13.1)	(59.7)	(35.5)	(26.8)	10.6	42.5	68.4	82.0	79.6	72.9	62.3
Residual value of cash flow	\$465										Terminal Value	222.5
+Cash and Cash equivalents	69											
Company value	533											
-Long-term debt on 12/31/13	4											
Value of equity	\$529											
Fully diluted shares outstanding on 12/31/14	18.10											
Price/share	\$29.23											
Discount Rate	30.0%											
Terminal growth rate	2%											

Source: Company reports and JMP Securities LLC

FIGURE 4. Updated Income Statement

Income Statement (\$MM)	1Q14A	2Q13E	3Q14E	4Q14E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Product Sales and Royalties:											
BIND-014											
US Sales						-	-	95.5	168.0	341.1	583.1
ROW Royalties						-	-	-	6.8	28.4	53.8
Total Product Sales and Royalties	-	-	-	-	-	-	-	95.5	174.8	369.5	636.8
Collaboration Revenue	1.6	1.8	5.0	3.0	11.4	60.5	29.0	35.0	20.0	26.5	42.0
Total Revenue	1.6	1.8	5.0	3.0	11.4	60.5	29.0	130.5	194.8	396.0	678.8
Cost of Goods Sold							0.0	9.5	16.8	34.1	58.3
Gross Profit	1.6	1.8	5.0	3.0	11.4	60.5	29.0	120.9	178.0	361.9	620.5
Operating Expenses:											
Research and Development	6.8	7.6	8.0	8.5	30.9	54.1	94.7	137.3	162.0	186.3	208.7
General and administrative	3.3	4.5	4.9	5.4	18.1	23.5	35.2	61.6	92.4	129.4	155.3
Total operating expenses	10.1	12.1	12.9	13.9	49.0	77.6	129.9	199.0	254.5	315.8	364.0
Operating income (loss)	(8.5)	(10.3)	(7.9)	(10.9)	(37.6)	(17.1)	(100.9)	(78.0)	(76.5)	46.1	256.5
Other income (expense):											
Interest income	(0.1)										
Interest expense	0.3										
Total other income, net	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in fair value of preferred stock warrant liability											
Foreign currency transaction gain (loss)											
Pretax income (loss)	(8.3)	(10.3)	(7.9)	(10.9)	(37.4)	(17.1)	(100.9)	(78.0)	(76.5)	46.1	256.5
Income tax benefit (provision)					0.0	0.0	0.0	0.0	0.0	(6.9)	(51.3)
Tax Rate					0%	0%	0%	0%	0%	15%	20%
Comprehensive income (loss)	(8.3)	(10.3)	(7.9)	(10.9)	(37.4)	(17.1)	(100.9)	(78.0)	(76.5)	39.2	205.2
Accretion of redeemable convertible preferred stock											
Net income (loss) attributable to common stockholders	(8.3)	(10.3)	(7.9)	(10.9)	(37.4)	(17.1)	(100.9)	(78.0)	(76.5)	39.2	205.2
Basic EPS to common shareholders	\$ (0.51)	\$ (0.63)	\$ (0.48)	\$ (0.60)	\$ (2.07)	\$ (0.86)	\$ (4.67)	\$ (3.32)	\$ (3.15)	\$ 1.57	\$ 7.97
Diluted EPS to common shareholders	\$ (0.51)	\$ (0.63)	\$ (0.48)	\$ (0.60)	\$ (2.07)	\$ (0.86)	\$ (4.67)	\$ (3.32)	\$ (3.15)	\$ 1.24	\$ 6.34
Basic shares outstanding	16.4	16.5	16.5	18.1	18.1	19.9	21.6	23.5	24.3	25.0	25.7
Diluted shares outstanding	16.4	16.5	16.5	18.1	18.1	19.9	21.6	23.5	24.3	31.6	32.4

Source: JMP Securities LLC and Company reports

Company Description

BIND Therapeutics is a Cambridge, MA-based, clinical-stage, nanomedicine biopharmaceutical company developing novel, targeted therapeutics around its Accurin nanoparticle delivery platform technology. Founded in 2007, BIND's focus has been leveraging its nanoparticle engineering capabilities to develop Accurin-based therapeutics, possessing the physical and chemical characteristics to house and deliver a therapeutic payload to specific tissues in a concentrated fashion while minimizing the adverse effects to healthy tissues. The company's lead drug candidate, BIND-014, is an Accurin-based version of docetaxel, currently in Phase II development for the treatment of recurrent non-small cell lung cancer (NSCLC) and metastatic castrate resistant prostate cancer (mCRPC). Additional development plans for BIND-014 in bladder cancer and other indications are forthcoming. Beyond BIND-014, the company has established key collaborations with Pfizer and Astra-Zeneca to couple developing product candidates with Accurin delivery technology, with the potential to deliver upfront and future milestone payments to the company.

Investment Risks

Clinical. Drug development is an inherently risky business. Like all clinical trials, BIND-014 clinical development carries some risk of failure. BIND-014 may fail to demonstrate meaningful enough efficacy to warrant further development through large Phase III trials or regulatory approval.

Regulatory and commercial. The ability of BIND or its partners to market its drugs depends upon those drugs obtaining approval from the FDA and foreign regulatory agencies. Failure to achieve approval or delays in the timelines to approval could negatively impact the company's share price.

Competitive. Oncology drug development is an increasingly competitive field and BIND faces considerable competition from companies with development-stage drug candidates, utilizing similar delivery formulation technology, as well as from companies with marketed products seeking to expand the number of indications approved for use. Some of these companies may possess greater R&D and commercial resources than BIND or its partners.

Partnership. BIND has formed development partnerships with Pfizer and AstraZeneca and is dependent upon these partnerships for non-dilutive sources of capital. Changes to the partnership arrangements could have a substantial negative impact on the company's share price.

Financial. Following the IPO, we estimate that BIND will have sufficient cash and cash equivalents to fund operations into 2015, according to company guidance. We anticipate that BIND will seek additional equity financing in the form of a secondary offering in order to complete development of BIND-014 and other drug candidates, exposing existing shareholders to some degree of dilution risk.

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Market Outperform (MO): JMP Securities expects the stock price to outperform relevant market indices over the next 12 months.

Market Perform (MP): JMP Securities expects the stock price to perform in line with relevant market indices over the next 12 months.

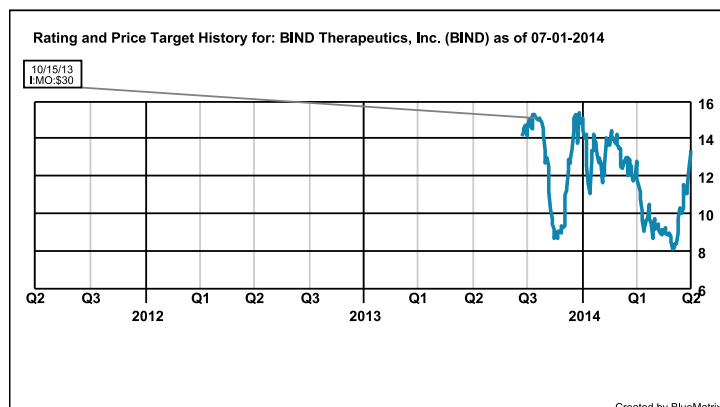
Market Underperform (MU): JMP Securities expects the stock price to underperform relevant market indices over the next 12 months.

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JMP Rating	Regulatory Equivalent	# Co's Under Coverage	% of Total	Regulatory Equivalent	# Co's Under Coverage	% of Total	# Co's Receiving IB Services in Past 12 Months	% of Co's With This Rating
MARKET OUTPERFORM	Buy	266	59.91%	Buy	266	59.91%	100	37.59%
MARKET PERFORM	Hold	137	30.86%	Hold	137	30.86%	17	12.41%
MARKET UNDERPERFORM	Sell	4	0.90%	Sell	4	0.90%	0	0%
COVERAGE IN TRANSITION		37	8.33%		37	8.33%	0	0%
TOTAL:		444	100%		444	100%	117	26.35%

Stock Price Chart of Rating and Target Price Changes:

Note: First annotation denotes initiation of coverage or 3 years, whichever is shorter. If no target price is listed, then the target price is N/A. In accordance with NASD Rule 2711, the chart(s) below reflect(s) price range and any changes to the rating or price target as of the end of the most recent calendar quarter. The action reflected in this note is not annotated in the stock price chart. Source: JMP Securities.



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