BIND Therapeutics, Inc. (BIND)

BIND Reports 4Q13 Results

MARKET DATA

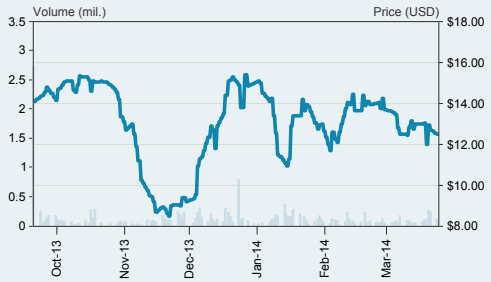
Price	$12.48
52-Week Range:	$8.36 - $15.89
Shares Out. (M):	15.8
Market Cap ($M):	$197.2
Average Daily Vol. (000):	109.0
Cash (M):	$62
Cash/Share:	$3.79
Enterprise Value (M):	$128
Float (M):	13.2
LT Debt (M):	$4

Source: Thomson Reuters and JMP Securities LLC

FY DEC		2012A	2013A	2014E
Revenue ($M)	1Q	--	$0.0	$1.8
	2Q	--	$0.0	$1.8
	3Q	--	$0.0	$5.0
	4Q	--	$0.0	$11.0
	FY	**$1.0**	**$0.0**	**$19.6**
EPS	1Q	--	($0.23)	($0.60)
	2Q	--	($0.54)	($0.62)
	3Q	--	($2.70)	($0.47)
	4Q	--	($0.50)	($0.16)
	FY	**($1.98)**	**($5.18)**	**($1.70)**
	P/E	NM	NM	NM
	Previous FY	NC	($1.78)	($1.74)

Source: Company reports and JMP Securities LLC

STOCK PRICE PERFORMANCE



MARKET OUTPERFORM | Price: $12.48 | Target Price: $30.00

INVESTMENT HIGHLIGHTS

Phase II NSCLC and CRPC readouts in 2H14 remain the primary focus; reiterating Market Outperform rating on BIND Therapeutics and $30 price target based on DCF, CAGR and comparable company valuation methodologies. As a development stage, nanomedicine biotechnology company, BIND remains primarily a story of execution against development milestones with its lead candidate BIND-014 in NSCLC and CRPC, rather than of earnings. Reported net loss for the quarter was $8.1MM, in line with our estimate and greater than the Street consensus of $6.7MM. Reported R&D expense of $7.4MM was higher than our estimated $6.8MM, while SG&A expense of $2.7MM was lower than our estimated $3.9MM. BIND finished the quarter with $62.0MM in cash and cash equivalents. A comparison of 4Q13 results versus JMP and consensus estimates is provided in Figure 2.

Phase II readouts of BIND-014 in NSCLC and CRPC continue on track for 2H14. Recall, BIND is conducting two, 40-patient Phase II trials of BIND-014 in second-line NSCLC and chemotherapy naïve metastatic CRPC, evaluating a once every three week regimen (Q3W) at 60mg/m2. The CRPC trial is now fully enrolled, whereas the NSCLC study is currently 80% enrolled and expected to complete near term. Although management has not been specific as to which medical meeting, presentations from both trials are expected in the 2H14. We maintain our view that appreciable improvements in objective response rates compared to Taxotere, in addition to maintaining a favorable safety profile, are critical to the Phase III development and commercial viability of BIND-014.

Detailed, once-weekly regimen data to be presented at AACR. As a reminder, a once-weekly regimen (Q1W) of BIND-014 was also under Phase I evaluation. As noted previously and disclosed in the abstracts for the upcoming AACR conference, 40mg/m2 was established as the Q1W MTD, yielding a well-tolerated side effect profile, including only mild, docetaxel-related changes in sensory neuropathy. Of the 27 evaluable patients, confirmed partial responses were noted in two patients - one with recurrent breast cancer and another, esophageal cancer - while stable disease was observed in another four patients. On the expectation that higher, steady-state concentrations (120mg/m2 vs. 60mg/m2 per three-week cycle) can potentially drive greater anti-tumor activity, the Phase II NSCLC trial has been expanded to enroll 40 patients to a 40mg/m2 Q1W regimen, and is expected to readout together with the Q3W regimen in 2H14. Further details from the Phase I Q1W study will be presented April 7th at the AACR conference (Abstract #CT210).

Pre-clinical data with Accurin-based barasertib are potentially a sign of things to come from the collaboration programs. Also to be presented at AACR, BIND today highlighted ongoing progress in its collaboration with AstraZeneca to develop

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nanoparticle API formulations with the potential to maximize the therapeutic index for a given drug candidate. Abstract data describing the pre-clinical work with an Accurin formulation of AZN aurora kinase B inhibitor candidate barasertib (AZD1152-hQPA) notes improved anti-tumor activity compared to free compound, as well as better tolerability. Further details, potentially including clinical plans from the collaboration, will be presented at AACR April 9th (Abstract #5409).

Changes to our model. Minor changes to our model (Figure 3) have been made to reflect the 4Q13 earnings update. 1Q14 R&D expense has been increased slightly in accordance with the run rate established by 4Q13 results. Quarterly share count estimates for 2014 and out years have been increased to reflect the reported outstanding share count as of 4Q13. The net effect of these changes has been to modestly raise our EPS estimates, however, with negligible impact to our valuation metrics.

FIGURE 1. Upcoming Milestones

Timing	Milestones
April 7th	Presentation of BIND-014 Phase I weekly dosing regimen at AACR (Abstract #CT210)
April 9th	Preclinical presentation of AZN collaboration candidate at AACR (Abstract #5409)
2H14	Announcement of second proprietary pipeline candidate
2014	IND filing from partnership program(s)
2H14	Data readout from BIND-014 Phase II NSCLC study
2H14	Data readout from BIND-014 Phase II mCRPC study

Source: JMP Securities LLC and Company Reports

FIGURE 2. 4Q13 Results versus JMP and Consensus Estimates

BIND Therapeutics(BIND) Abridged Income Statement ($ MM)	4Q13 Results			
	JMP Estimate	Street Consensus	Actual	Variance (JMP vs. Actual)
Total Revenues	**1.80**	**3.24**	**2.07**	**(0.27)**
Operating Expenses	**10.70**	**9.87**	**10.10**	**0.6**
Research and development	6.80		7.41	(0.6)
General and administrative	3.90		2.70	1.2
Operating income (loss)	**(7.06)**	**(6.63)**	**(7.06)**	**0.0**
Other income (expense)	**0.00**	**(0.10)**	**(0.04)**	**0.00**
Pretax income (loss)	**(8.90)**	**(6.73)**	(8.08)	(0.82)
Net income (loss)	**(8.90)**	**(6.73)**	(8.08)	(0.82)
EPS Calculations				
Basic EPS	**$ (0.56)**	**$ (0.48)**	**$ (0.50)**	**$ (0.06)**
Diluted EPS	**$ (0.56)**	**$ (0.48)**	**$ (0.50)**	**$ (0.06)**
Basic shares outstanding	15.996		16.299	(0.303)
Diluted shares outstanding	15.996		16.299	(0.303)

Source: JMP Securities LLC and Bloomberg

FIGURE 3. Changes to Our Model

BIND Therapeutics (BIND)	1Q14E		2Q14E		3Q14E		4Q14E		FY 2014E		FY 2015E		FY 2016E	
($ MM)	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New
Collorboration Revenue	1.8	1.8	1.8	1.8	5.0	5.0	11.0	11.0	19.6	19.6	70.5	70.5	29.0	29.0
Other														
Total Revenues	**1.80**	**1.8**	**1.80**	**1.8**	**5.00**	**5.0**	**11.0**	**11.0**	**19.6**	**19.6**	**70.5**	**70.5**	**29.0**	**29.0**
COGS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Profit	1.80	1.80	1.80	1.80	5.00	5.00	11.00	11.00	19.60	19.60	70.50	70.50	29.00	29.00
Operating Expenses	**11.4**	**11.7**	**12.1**	**12.1**	**12.9**	**12.9**	**13.9**	**13.9**	**50.3**	**50.6**	**79.5**	**80.0**	**132.9**	**133.8**
Research and development	7.2	7.5	7.6	7.6	8.0	8.0	8.5	8.5	31.3	31.6	54.8	55.3	95.9	96.8
General and administrative	4.2	4.2	4.5	4.5	4.9	4.9	5.4	5.4	19.0	19.0	24.7	24.7	37.1	37.1
Operating income (loss)	(9.6)	(9.9)	(10.3)	(10.3)	(7.9)	(7.9)	(2.9)	(2.9)	(30.7)	(31.0)	(9.0)	(9.5)	(103.9)	(104.8)
Other income (expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pretax income	(9.6)	(9.9)	(10.3)	(10.3)	(7.9)	(7.9)	(2.9)	(2.9)	(30.7)	(31.0)	(9.0)	(9.5)	(103.9)	(104.8)
Provision for Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income	(9.6)	(9.9)	(10.3)	(10.3)	(7.9)	(7.9)	(2.9)	(2.9)	(30.7)	(31.0)	(9.0)	(9.5)	(103.9)	(104.8)
Basic EPS	**$ (0.60)**	**$ (0.60)**	**$ (0.64)**	**$ (0.62)**	**$ (0.49)**	**$ (0.47)**	**$ (0.16)**	**$ (0.16)**	**$ (1.74)**	**$ (1.70)**	**$ (0.46)**	**$ (0.47)**	**$ (4.90)**	**$ (4.80)**
Diluted EPS	**$ (0.60)**	**$ (0.60)**	**$ (0.64)**	**$ (0.62)**	**$ (0.49)**	**$ (0.47)**	**$ (0.16)**	**$ (0.16)**	**$ (1.74)**	**$ (1.70)**	**$ (0.46)**	**$ (0.47)**	**$ (4.90)**	**$ (4.80)**
Basic shares outstanding	16.01	16.61	16.06	16.66	16.13	16.74	17.69	18.30	17.64	18.25	19.45	20.05	21.22	21.82
Diluted shares outstanding	16.01	16.61	16.06	16.66	16.13	16.74	17.69	18.30	17.64	18.25	19.45	20.05	21.22	21.82

Source: JMP Securities LLC and Company Reports

FIGURE 4. Updated Income Statement

BIND Therapeutics (BIND)	4Q13E	2013E	1Q14E	2Q13E	3Q14E	4Q14E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Income Statement ($MM)	**4Q13E**	**2013E**	**1Q14E**	**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	2.1	10.9	1.8	1.8	5.0	11.0	19.6	70.5	29.0	55.0	20.0	51.5	72.0
Total Revenue	2.1	10.9	1.8	1.8	5.0	11.0	19.6	70.5	29.0	150.5	194.8	421.0	708.8
Cost of Goods Sold									0.0	9.5	16.8	34.1	58.3
Gross Profit	2.1	10.9	1.8	1.8	5.0	11.0	19.6	70.5	29.0	140.9	178.0	386.9	650.5
Operating Expenses:													
Research and Development	7.4	24.4	7.5	7.6	8.0	8.5	31.6	55.3	96.8	140.3	165.6	190.4	213.3
General and administrative	2.7	13.4	4.2	4.5	4.9	5.4	19.0	24.7	37.1	64.8	97.3	136.2	163.4
Total operating expenses	10.1	37.8	11.7	12.1	12.9	13.9	50.6	80.0	133.8	205.2	262.8	326.6	376.7
Operating income (loss)	(8.0)	(26.9)	(9.9)	(10.3)	(7.9)	(2.9)	(31.0)	(9.5)	(104.8)	(64.3)	(84.8)	60.3	273.9
Other income (expense):													
Interest income		0.1											
Interest expense	(0.0)	(0.8)											
Total other income, net	(0.0)	(0.8)	0.0	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)	(8.1)	(27.7)	(9.9)	(10.3)	(7.9)	(2.9)	(31.0)	(9.5)	(104.8)	(64.3)	(84.8)	60.3	273.9
Income tax benefit (provision)							0.0	0.0	0.0	0.0	0.0	(9.0)	(54.8)
Tax Rate							*0%*	*0%*	*0%*	*0%*	*0%*	*15%*	*20%*
Comprehensive income (loss)	(8.1)	(27.7)	(9.9)	(10.3)	(7.9)	(2.9)	(31.0)	(9.5)	(104.8)	(64.3)	(84.8)	51.3	219.1
Accretion of redeemable convertible preferred stock		(3.7)											
Net income (loss) attributable to common stockholders	(8.1)	(31.37)	(9.9)	(10.3)	(7.9)	(2.9)	(31.0)	(9.5)	(104.8)	(64.3)	(84.8)	51.3	219.1
Basic EPS to common shareholders	$ (0.50)	$ (5.18)	$ (0.60)	$ (0.62)	$ (0.47)	$ (0.16)	$ (1.70)	$ (0.47)	$ (4.80)	$ (2.71)	$ (3.47)	$ 2.03	$ 8.45
Diluted EPS to common shareholders	$ (0.50)	$ (5.18)	$ (0.60)	$ (0.62)	$ (0.47)	$ (0.16)	$ (1.70)	$ (0.47)	$ (4.80)	$ (2.71)	$ (3.47)	$ 1.61	$ 6.73
Basic shares outstanding	16.3	6.0	16.6	16.7	16.7	18.3	18.2	20.1	21.8	23.7	24.5	25.2	25.9
Diluted shares outstanding	16.3	6.0	16.6	16.7	16.7	18.3	18.2	20.1	21.8	23.7	24.5	31.8	32.6

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 based around its Accurin nanoparticle delivery platform technology. Founded in 2007, BIND's focus has been on 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 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 Amgen, Pfizer and Astra-Zeneca to couple developing product candidates with Accurin delivery technology, with the potential to deliver upfront and future milestone payments in excess of $1 billion 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 on 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 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, Amgen and AstraZeneca and is dependent on these partnerships for non-dilutive sources of capital. Changes to these partnership arrangements could have a substantial negative impact to the company's share price.

Financial. Following the IPO, we estimate that BIND will end 4Q13 with approximately $80.6MM [jm1] in cash and cash equivalents – adequate resources 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 the development of BIND-014 and other drug candidates, exposing existing shareholder to some degree of dilution risk.

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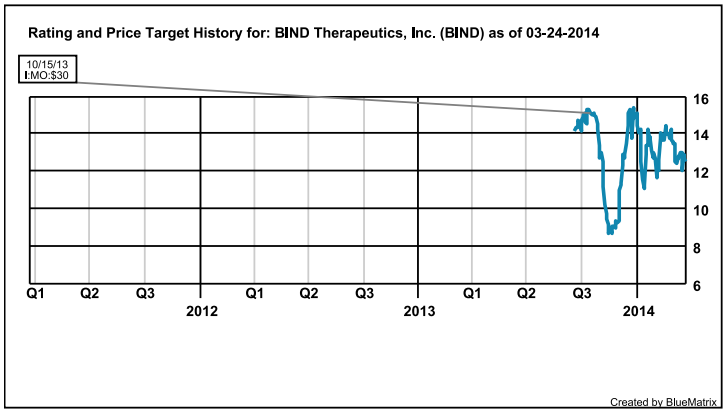
MARKET OUTPERFORM	Buy	250	*57.34%*	Buy	250	*57.34%*	98	*39.20%*
MARKET PERFORM	Hold	136	*31.19%*	Hold	136	*31.19%*	14	*10.29%*
MARKET UNDERPERFORM	Sell	7	*1.61%*	Sell	7	*1.61%*	0	*0%*
COVERAGE IN TRANSITION		43	*9.86%*		43	*9.86%*	0	*0%*
TOTAL:		436	*100%*		436	*100%*	112	*25.69%*

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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