

Kindred Biosciences, Inc.

KIN - BUY - Updates to Pipeline Increase Our Confidence in KIN's Potential for Commercial Success

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FLASH NOTE

SECTOR: Specialty Pharmaceuticals

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KIN has increased the power for its AtoKin and SentiKin trials and added new products to its pipeline. Yesterday, Kindred (KIN, BUY, \$10.10) updated its corporate presentation in an 8-K ahead of meetings with investors on a non-deal roadshow (NDR). We followed up with CEO Richard Chin and Chief Operating Officer Denise Bevers after the update was made public. We highlight the key changes below.

- The timing of AtoKin and SentiKin pivotal trials data is likely to be pushed out until mid-'15 (from the end of '14 before). There is a good reason for this though. KIN is increasing the sample size (power up the studies) to maximize the likelihood of success in the trials. We received feedback from investors that KIN should do this following the disappointing CereKin data. KIN management said that they ran this idea by shareholders and they were in agreement that it was worth the wait. Management also noted that increasing the sample size should not cost that much more. We did not forecast any sales for AtoKin or SentiKin until '16, so the pushed out timeline should not impact our financial model.
- **AtoKin Pivotal Trial Status.** 1) Plan to increase study size to increase power to >90% (pending FDA agreement). This would reduce statistical risk from 20% to less than 10%, with only moderate increase in cost and timeline (results in mid-'15). 2) File rolling NADA sections late '14-'15.
- There was a graph in the presentation that showed the active ingredient in AtoKin is comparable to or better than steroids (comparing methylprednisolone and fexofenadine).
- **SentiKin Pivotal Trial Status.** 1) Plan to increase study size to increase power to >90%. This would reduce statistical risk from 20% to less than 10%, with only moderate increase in cost and timeline (results in mid-'15). 2) File rolling NADA sections late '14-'15.
- There was a graph in the presentation that showed the active ingredient in SentiKin (flupirtine) has demonstrated efficacy similar to tramadol in controlling pain in humans.
- KIN added drugs to its pipeline and increased visibility on the timing of existing projects.
 1. SentiKin – Osteoarthritis in dogs (Formulation phase)
 2. KIND-010 – Inappetence in cats (Formulation phase)
 3. KIND-012 – Fever in horse (clinical study)
 4. KIND-011 – Metabolic Syndrome in Horses (Formulation Phase)
 5. Feline EPO – Anemia in cats (INAD Filed)

The updated presentation can be found at <https://www.sec.gov/Archives/edgar/data/1561743/000156174314000043/kindredbiocorporateprese.htm>.

Potential Catalysts. 1) Data from pivotal studies for AtoKin and SentiKin released in mid-'15; 2) Approvals for AtoKin, SentiKin in '15+; 3) Additional pipeline advancements and approvals; 4) Partnerships and business development.

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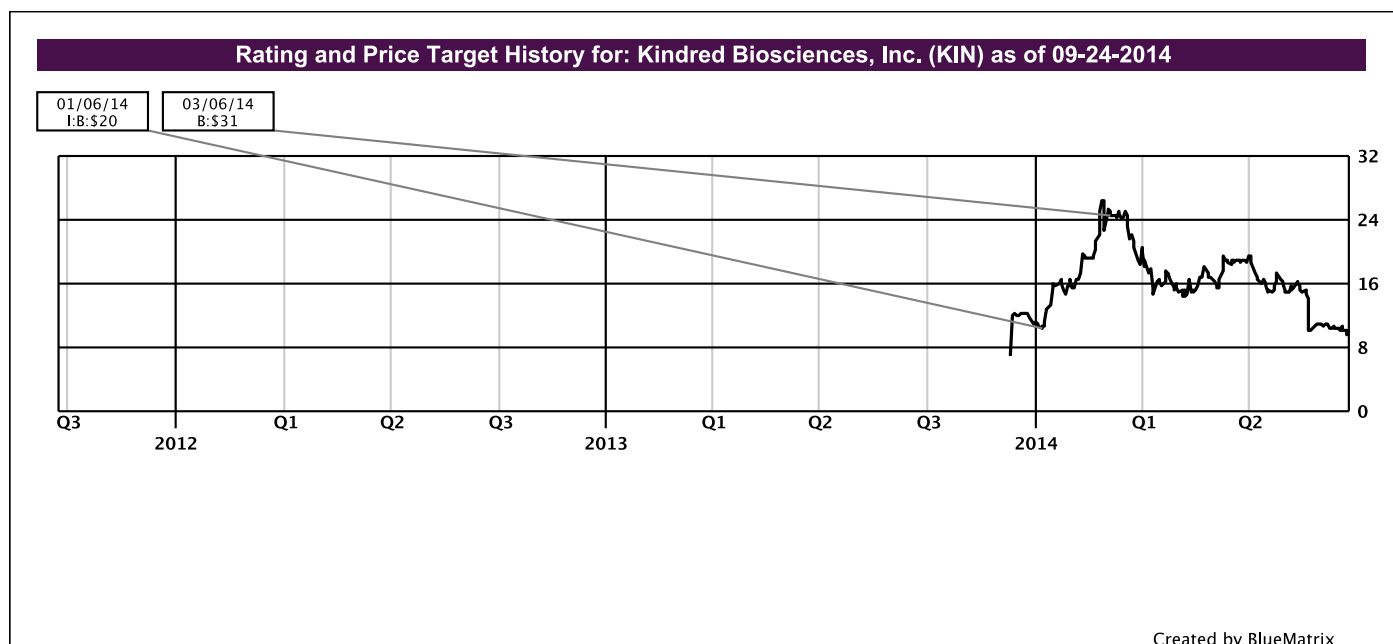
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