

Kindred Biosciences, Inc.

KIN - BUY - Remain Positive Post 3Q14 Results and Ahead of Busy '15

November 13, 2014

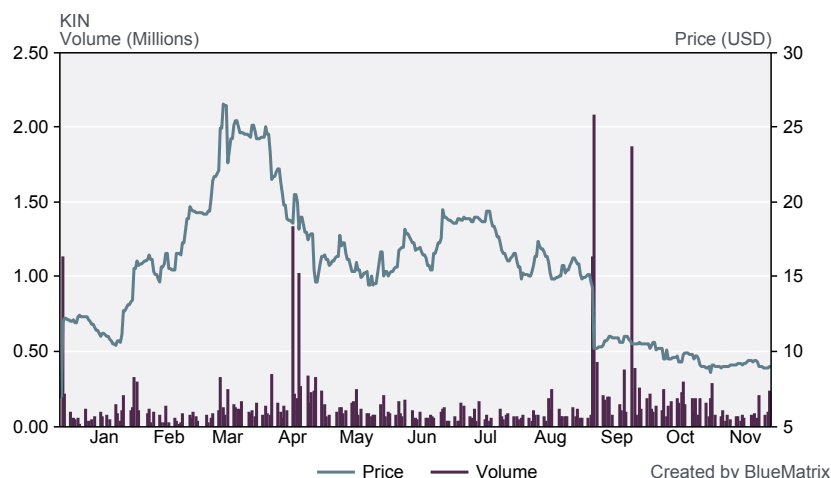
Reminder: Be sure to register for the 2014 Guggenheim Securities Life Sciences Day on Tuesday, December 16 in Boston, by contacting your Guggenheim institutional sales representative. This event will consist of a full day of one-on-one meetings with senior management from more than 35 large-, mid-, and small-cap life sciences companies.

Post 3Q14 results, we are still positive on KIN shares because the company continues to advance its pipeline and has quickly moved past Cerekin. Overall, we view KIN's business model as having better risk/reward than its competitors, and KIN's management team has a successful record of launching Animal Health drugs. We see two good potential upcoming stock-moving catalysts: positive data for AtoKin and SentiKin in '15 and the potential for an M&A deal in '14+.

3Q14 positives: 1) Initiated pilot studies in several additional programs (SentiKin for OA in dogs, dental extraction, and KIND-011 for metabolic syndrome in horses); 3) AtoKin and SentiKin continue to enroll and remain on track for completion in '15; 4) As of 9/30/14 had cash and equivalents of \$106.4MM (\$5.40/share); 5) CEO noted KIN is in ongoing discussions regarding business development.

KIN reported 3Q14 cash EPS of (\$0.31), \$0.14 higher than consensus and \$0.15 better than us. Our Variance Analysis has details. Management reiterated its guidance for spending in '14 (\$25-35MM). We updated our model for 3Q14 results and lowered our '14 operating expense estimate, which increased our '14 EPS estimate.

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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KIN BUY

EARNINGS RELEASE

Investment Thesis: Growth

SHARE PRICE	\$8.98
PRICE TARGET	\$31.00

Revenue (\$M) (FY Dec)	1Q	2Q	3Q	4Q	FY
2013	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0E	0.0E
2015	—	—	—	—	0.0E
Prior	—	—	—	—	10.2E

Adjusted EPS (\$)	1Q	2Q	3Q	4Q	FY
2013	(0.06)	(0.09)	(0.21)	(0.40)	(1.13)
P/E					NM
2014	(0.38)	(0.42)	(0.31)	(0.47)E	(1.57)E
Prior	—	—	(0.46)	—	(1.73)E
P/E					NM
2015	—	—	—	—	(1.99)E
P/E					NM

Market Data & Valuation Multiples

52-Week Range	\$8.13 - \$26.99
Shares Out (M)	19.7
Market Cap (M)	\$177
ADV (3 mo; 000)	210

SCENARIO	VALUATION	INVESTMENT THESIS
Bull Case	2020E EPS: \$3.00 12-Month Bull-Case Scenario: \$48 Probability: 14% Upside/Downside Potential: 435%	<ul style="list-style-type: none"> • AtoKin sales of \$90MM in 2020 • SentiKin sales of \$125MM in 2020 • Launch of two to three products per year post-2H15 • Business development
Base Case	2020E EPS: \$2.06 12-Month Base-Case Scenario: \$31 Probability: 74% Upside/Downside Potential: 245%	<ul style="list-style-type: none"> • AtoKin sales of \$77MM in 2020 • SentiKin sales of \$104MM in 2020 • Launch of one product per year post-2H15 • No business development
Bear Case	2020E EPS: \$1.75 12-Month Bear-Case Scenario: \$8 Probability: 12% Upside/Downside Potential: -11%	<ul style="list-style-type: none"> • AtoKin sales of \$55MM in 2020 • SentiKin sales of \$90MM in 2020 • Launch of one product per year post-2H15 • No business development

Source: Guggenheim Securities, LLC

VALUATION METHODOLOGY AND RISKS

We use a DCF analysis to arrive at our 12-month price target of \$31. We used a WACC of 28% and exit multiples of 22x forward EBIT. Risks to our valuation include: 1) Pipeline setbacks for drugs, 2) AtoKin and SentiKin peak sales below expectations, and 3) Competition from larger and better capitalized animal health companies in the industry.

KINDRED BIO VARIANCE ANALYSIS

	Actual 3Q14 Amount	Guggenheim Estimate 3Q14 Amount	Variance	Comments
Total Revenue	-	-	-	
COGS	-	-	-	
Gross Profit	-	-	-	
SG&A	2.3	3.0	(0.7)	Timing of spend
R&D	3.8	6.0	(2.2)	Timing of spend
Other Operating Expenses	-	-	-	
Operating Income	(6.1)	(9.0)	2.9	
Non Operating Items	0.0	-	0.0	
Pre-Tax Income	(6.0)	(9.0)	3.0	
Taxes	-	-	-	
Tax Rate	-	-	0.0%	
Net Income	(6.0)	(9.0)	3.0	
Averages Shares	19.7	19.5	0.3	
Cash EPS	-\$0.31	-\$0.46	\$0.15	
Margin Analysis				
Revenues	NM	NM		
COGS	NM	NM		
Gross Margin	NM	NM		
SG&A	NM	NM		
R&D	NM	NM		
Net Income	NM	NM		

Source: Guggenheim Securities, LLC and Company reports

CATALYST CALENDAR

Date	Driver	Upcoming Event
2014		
2014	SentiKin for Horses	Start pivotal study in post-operative pain
2014	Pipeline	Start pivotal studies on 2 more drugs
2014	Pipeline	File INADs on additional drugs
2014	CereKin for Horses	Start pivotal study for OA pain
2014	CereKin for Horses	Announce data from pivotal study
2014-2015	AtoKin for Dogs	File Rolling NADA
2014-2015	SentiKin for Dogs	File Rolling NADA
2015+		
Mid-2015	AtoKin for Dogs	Data from pivotal study
Mid-2015	SentiKin for Dogs	Data from pivotal study
1H15	SentiKin for osteoarthritis in dogs	Data from pilot study
1H15	SentiKin for dental extraction	Data from pilot study
1H15	KIND-011	Data from pilot study
Starting 2H15	New products	Expect 2 to 4 new launches a year
Early 2016	AtoKin for Dogs	Approval and launch expected
Early 2016	SentiKin for Dogs	Approval and launch expected
2032	NOLs	Start to expire

Source: Guggenheim Securities, LLC and Company reports

FINANCIAL MODEL

Kindred Bio - Quarterly Income Statement Analysis 2012-2021E

(\$ in Millions)																			CAGR	
(Year Ended December 31)	2012	2013	1Q14A	2Q14A	3Q14A	4Q14E	2014E	1Q15E	2Q15E	3Q15E	4Q15E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	17E-21E	
Total Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	49.7	105.4	171.3	233.3	292.7	346.6	34.7	
COGS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27.3	56.9	90.8	121.3	149.3	173.3		
Gross Profit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22.3	48.5	80.5	112.0	143.4	173.3		
R&D	0.1	3.1	4.5	5.6	3.8	6.1	20.0	5.2	5.4	5.8	6.1	22.5	15.0	15.2	15.3	15.5	15.6	15.8		
SG&A	0.0	1.1	1.7	2.5	2.3	3.1	9.6	3.5	4.0	4.5	5.0	17.0	22.7	27.7	33.2	39.9	49.1	58.9		
Other (Income)/Expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Total Operating Expense	0.1	4.2	6.2	8.2	6.1	9.2	29.6	8.7	9.4	10.3	11.1	39.5	37.7	42.8	48.5	55.3	64.7	74.6		
Operating Income	(0.1)	(4.2)	(6.2)	(8.2)	(6.1)	(9.2)	(29.6)	(8.7)	(9.4)	(10.3)	(11.1)	(39.5)	(15.4)	5.7	32.0	56.6	78.8	98.7	104.4	
Interest Income	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Interest Expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Non-Operating Items	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Pre-tax Income	(0.1)	(4.2)	(6.2)	(8.1)	(6.0)	(9.2)	(29.5)	(8.7)	(9.4)	(10.3)	(11.1)	(39.5)	(15.4)	5.7	32.0	56.6	78.8	98.7		
Tax Rate	0.0%	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	40.0%	40.0%	40.0%	40.0%	40.0%		
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.3	12.8	22.7	31.5	39.5		
Net Income	(\$0.1)	(4.2)	(\$6.2)	(\$8.1)	(\$6.0)	(\$9.2)	(\$29.5)	(\$8.7)	(\$9.4)	(\$10.3)	(\$11.1)	(\$39.5)	(\$15.4)	\$3.4	\$19.2	\$34.0	\$47.3	\$59.2	104.4	
Average Shares Diluted	2.7	3.7	16.2	19.4	19.7	19.7	18.8	19.8	19.8	19.8	19.9	19.8	21.4	21.8	22.2	22.6	23.0	23.4		
Adjusted Diluted EPS	(\$0.04)	(\$1.13)	(\$0.38)	(\$0.42)	(\$0.31)	(\$0.47)	(\$1.57)	(\$0.44)	(\$0.47)	(\$0.52)	(\$0.56)	(\$1.99)	(\$0.72)	\$0.16	\$0.87	\$1.51	\$2.06	\$2.54	100.8	
%Change																				
Total Revenue	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	112.3%	62.5%	36.2%	25.5%	18.4%		
COGS	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	108.4%	59.5%	33.6%	23.1%	16.1%		
Gross Profit	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	117.0%	66.0%	39.1%	28.1%	20.8%		
R&D	NM	NM	2732.7%	1899.6%	293.7%	249.0%	536.2%	15.6%	-4.2%	54.5%	0.0%	12.5%	-33.3%	1.0%	1.0%	1.0%	1.0%	1.0%		
SG&A	NM	NM	2509.9%	2087.3%	803.7%	384.9%	793.2%	108.5%	60.1%	92.1%	61.3%	76.7%	33.5%	22.0%	20.0%	20.0%	23.0%	20.0%		
Operating Income	NM	NM	2668.5%	1957.3%	402.7%	285.4%	602.2%	40.8%	15.3%	68.9%	20.7%	33.3%	NM	-136.8%	466.0%	77.1%	39.1%	25.3%		
Non-Operating Items	NM	NM	NM	NM	1774.5%	-100.0%	1351.7%	-100.0%	-100.0%	-100.0%	NM	-100.0%	NM	NM	NM	NM	NM	NM		
Pre-tax Income	NM	NM	2664.4%	1950.2%	399.7%	286.0%	601.1%	41.1%	15.7%	70.3%	20.7%	33.7%	NM	-136.8%	466.0%	77.1%	39.1%	25.3%		
Tax Rate	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	0.0%	0.0%	0.0%	0.0%		
Taxes	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	466.0%	77.1%	39.1%	25.3%		
Net Income	NM	NM	2664.4%	1950.2%	399.7%	286.0%	601.1%	41.1%	15.7%	70.3%	20.7%	33.7%	NM	-122.1%	466.0%	77.1%	39.1%	25.3%		

Source: Guggenheim Securities, LLC and Company Reports

(1) In 2012, financials are for the period from 9/25/12 (inception of the company) through 12/31/12.

(2) Do not assume any NOLs in our financial model.

Kindred Bio - Quarterly Margin Analysis 2012-2021E

	2012	2013	1Q14A	2Q14A	3Q14A	4Q14E	2014E	1Q15E	2Q15E	3Q15E	4Q15E	2015E	2016E	2017E	2018E	2019E	2020E	2021E
Total Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
COGS	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	55.0%	54.0%	53.0%	52.0%	51.0%	50.0%
Gross Margin	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	45.0%	46.0%	47.0%	48.0%	49.0%	50.0%
R&D	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	30.2%	14.4%	8.9%	6.6%	5.3%	4.5%
SG&A	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	45.7%	26.3%	19.4%	17.1%	16.8%	17.0%
Oper. Inc.	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	-30.9%	5.4%	18.7%	24.3%	26.9%	28.5%
Pretax Income	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	-30.9%	5.4%	18.7%	24.3%	26.9%	28.5%
Net Income	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	-30.9%	3.2%	11.2%	14.6%	16.1%	17.1%

Source: Guggenheim Securities, LLC and Company Reports

Kindred Bio - Quarterly Revenue Model 2012-2021E

(\$ in Millions)																		
(Year Ended December 31)	2012	2013	1Q14A	2Q14A	3Q14A	4Q14E	2014E	1Q15E	2Q15E	3Q15E	4Q154E	2015E	2016E	2017E	2018E	2019E	2020E	2021E
Dogs (Atopic Dermatitis, INAD Filed, NADA Filing 2014)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	35.0	45.5	56.0	66.5	77.0	87.5
AtoKin KIND-002 (Anti-Allergic Drug)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	35.0	45.5	56.0	66.5	77.0	87.5
Dogs (Post-Operative Pain, INAD Filed, NADA Filing 2014)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.7	16.6	33.3	39.9	49.9	56.5
Horses (Post-Operative Pain, Pilot/Formulation)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.8	25.2	43.2	54.0	61.2
SentiKin (Centrally Acting Analgesic)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.7	27.4	58.5	83.1	103.9	117.7
Dogs (Cancer & Immune Disease, INAD Filed)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cats (Cancer & Immune Disease, Pilot/Formulation)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
KIND-007 (Bruton's Tyrosine Kinase/BTK Inhibitor)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cats (GI Disease, INAD Filed)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
KIND-006 (Promotility Agent)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dogs (Allergic diseases in dogs, discovery/process development)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
KIND-502 (Anti-IgE Antibody)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dogs (Inflammatory Disease, mfg. process development)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
KIND-506 (TNFR-Ig Fusion Protein)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dogs (Autoimmune Disease, mfg. process development)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
KIND-507 (CLTA4-Ig Fusion Protein)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dogs (Cancer, mfg. process development)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
KIND-504 (Vaccines for Cancer)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dogs (Cancer, mfg. process development)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
KIND-501 (Anti-VEGF Fusion Protein)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.0	32.5	56.9	83.7	111.8	141.4
TOTAL REVENUES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	49.7	105.4	171.3	233.3	292.7	346.6
%Change																		
AtoKin KIND-002 (Anti-Allergic Drug)	NM		NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	30%	23%	19%	16%	14%
SentiKin (Centrally Acting Analgesic)	NM		NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	1550%	113%	42%	25%	13%
KIND-007 (Bruton's Tyrosine Kinase/BTK Inhibitor)	NM		NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
KIND-006 (Promotility Agent)	NM		NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
KIND-502 (Anti-IgE Antibody)	NM		NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
KIND-506 (TNFR-Ig Fusion Protein)	NM		NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
KIND-507 (CLTA4-Ig Fusion Protein)	NM		NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
KIND-504 (Vaccines for Cancer)	NM		NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
KIND-501 (Anti-VEGF Fusion Protein)	NM		NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Other	NM		NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	150%	75%	47%	34%	26%
TOTAL REVENUES	NM		NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	112%	63%	36%	25%	18%

Source: Guggenheim Securities, LLC and Company Reports

Kindred Bio - Annual Revenue Model 2012-2021E

(\$ in Millions)	Year Ended December 31st,										2013E/	2014E/	2015E/	2016E/	2017E/	2018E/	2019E/	2020E/	2021E/	CAGR
	2012	2013	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2012	2013	2014E	2015E	2016E	2017E	2018E	2019E	2020E	17E-21E
AtoKin KIND-002 (Anti-Allergic Drug)																				
Dogs (Atopic Dermatitis, INAD Filed, NADA Filing 2014)	0.0	0.0	0.0	0.0	35.0	45.5	56.0	66.5	77.0	87.5	NM	NM	NM	NM	30.0%	23.1%	18.8%	15.8%	13.6%	17.8%
Total AtoKin KIND-002 (Anti-Allergic Drug)	0.0	0.0	0.0	0.0	35.0	45.5	56.0	66.5	77.0	87.5	NM	NM	NM	NM	30.0%	23.1%	18.8%	15.8%	13.6%	17.8%
SentiKin (Centrally Acting Analgesic)																				
Dogs (Post-Operative Pain, INAD Filed, NADA Filing 2014)	0.0	0.0	0.0	0.0	1.7	16.6	33.3	39.9	49.9	56.5	NM	NM	NM	NM	900.0%	100.0%	20.0%	25.0%	13.3%	35.8%
Horses (Post-Operative Pain, Pilot/Formulation)	0.0	0.0	0.0	0.0	0.0	10.8	25.2	43.2	54.0	61.2	NM	NM	NM	NM	NM	133.3%	71.4%	25.0%	13.3%	54.3%
Total SentiKin (Centrally Acting Analgesic)	0.0	0.0	0.0	0.0	1.7	27.4	58.5	83.1	103.9	117.7	NM	NM	NM	NM	1549.6%	113.1%	42.2%	25.0%	13.3%	43.9%
KIND-007 (Bruton's Tyrosine Kinase/BTK Inhibitor)																				
Dogs (Cancer & Immune Disease, INAD Filed)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NM	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	NM
Cats (Cancer & Immune Disease, Pilot/Formulation)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NM	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	NM
Total KIND-007 (Bruton's Tyrosine Kinase/BTK Inhibitor)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
KIND-006 (Promotility Agent)																				
Cats (GI Disease, INAD Filed)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NM	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	NM
Total KIND-006 (Promotility Agent)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
KIND-502 (Anti-IgE Antibody)																				
Dogs (Allergic diseases in dogs, discovery/process development)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NM	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	NM
Total KIND-502 (Anti-IgE Antibody)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
KIND-506 (TNFR-Ig Fusion Protein)																				
Dogs (Inflammatory Disease, mfg. process development)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NM	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	NM
Total KIND-506 (TNFR-Ig Fusion Protein)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
KIND-507 (CLTA4-Ig Fusion Protein)																				
Dogs (Autoimmune Disease, mfg. process development)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NM	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	NM
Total KIND-507 (CLTA4-Ig Fusion Protein)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
KIND-504 (Vaccines for Cancer)																				
Dogs (Cancer, mfg. process development)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NM	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	NM
Total KIND-504 (Vaccines for Cancer)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
KIND-501 (Anti-VEGF Fusion Protein)																				
Dogs (Cancer, mfg. process development)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NM	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	NM
Total KIND-501 (Anti-VEGF Fusion Protein)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Other	0.0	0.0	0.0	0.0	13.0	32.5	56.9	83.7	111.8	141.4	NM	NM	NM	NM	150.0%	75.0%	47.1%	33.6%	26.4%	44.4%
TOTAL REVENUES	0.0	0.0	0.0	0.0	49.7	105.4	171.3	233.3	292.7	346.6	NM	NM	NM	NM	112.3%	62.5%	36.2%	25.5%	18.4%	34.7%

Source: Guggenheim Securities, LLC and Company Reports

Kindred Bio - Cash Flow Analysis 2012-2021E

(\$ in Millions)										
(Year ended December 31)	2012	2013	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E
Cash flows provided by Operating Activities:										
Net Income	(0.1)	(4.2)	(29.5)	(39.5)	(15.4)	3.4	19.2	34.0	47.3	59.2
Depreciation and Amortization	-	0.0	-	0.0	-	0.0	-	0.0	-	0.0
Other (includes cash separation and internal costs in 2013 and 2014)	0.0	0.9	-	-	-	-	-	-	-	-
Net Changes in Working Capital	0.0	1.7	(0.7)	-	(3.9)	(3.9)	(4.2)	(3.5)	(3.0)	(2.3)
Net cash provided by Operating Activities	(0.1)	(1.6)	(30.2)	(39.5)	(19.2)	(0.5)	15.0	30.5	44.3	56.9
Cash flows from Investing Activities										
Purchases of PP&E	-	(0.0)	-	-	-	-	-	-	-	-
Net proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Acquisitions, net of cash acquired	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net cash used in Investing Activities	-	(0.0)	-	-	-	-	-	-	-	-
Cash flows from Financing Activities										
(Repayment) or Issuance of long term debt	-	11.1	-	-	-	-	-	-	-	-
Cash dividends paid	-	-	-	-	-	-	-	-	-	-
Other	1.0	54.9	58.1	-	-	-	-	-	-	-
Net cash (used in) provided by Financing Activities	1.0	66.0	58.1	-	-	-	-	-	-	-
Effect of exchange-rate on cash	-	-	-	-	-	-	-	-	-	-
Net (decrease) increase in cash and equivalents	0.9	64.4	27.8	(39.5)	(19.2)	(0.5)	15.0	30.5	44.3	56.9
Cash and equivalents at beginning of year	-	0.9	65.3	93.2	53.7	34.4	33.9	49.0	79.5	123.8
Cash and equivalents at end of year	0.9	65.3	93.2	53.7	34.4	33.9	49.0	79.5	123.8	180.7

Source: Guggenheim Securities, LLC and Company Reports

Kindred Bio - Balance Sheet Analysis 2012-2021E

(\$ in Millions)										
(Year ended December 31)	2012	2013	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E
Assets										
Cash and Cash Equivalent	0.9	65.3	93.2	53.7	34.4	33.9	49.0	79.5	123.8	180.7
Accounts Receivable, less allowance for doubtful accounts	-	-	-	-	9.0	18.5	29.0	38.2	46.5	53.3
Inventories	-	-	-	-	10.9	22.8	36.3	48.5	59.7	69.3
Current deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other current assets	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Current Assets	0.9	65.5	93.3	53.8	54.5	75.3	114.5	166.4	230.1	303.5
Plant, Property & Equipment	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)
Identifiable intangibles	-	-	-	-	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total Other Assets	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)
TOTAL ASSETS	0.9	65.5	93.3	53.8	54.5	75.4	114.5	166.4	230.1	303.5
Liabilities & Shareholder's Equity										
Accounts Payable and Accrued Expenses	0.1	0.7	-	-	16.1	33.5	53.4	71.4	87.8	101.9
Other	0.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Total Current Liabilities	0.1	2.2	1.5	1.5	17.6	35.0	54.9	72.9	89.3	103.5
Long term debt	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-
Total Liabilities	0.1	2.2	1.5	1.5	17.6	35.0	54.9	72.9	89.3	103.5
Shareholders Equity	0.9	63.3	91.8	52.3	37.0	40.3	59.5	93.5	140.8	200.0
Total Stockholder's Equity	0.9	63.3	91.8	52.3	37.0	40.3	59.5	93.5	140.8	200.0
Noncontrolling Interest	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	0.9	65.5	93.3	53.8	54.5	75.4	114.5	166.4	230.1	303.5

Source: Guggenheim Securities, LLC and Company Reports

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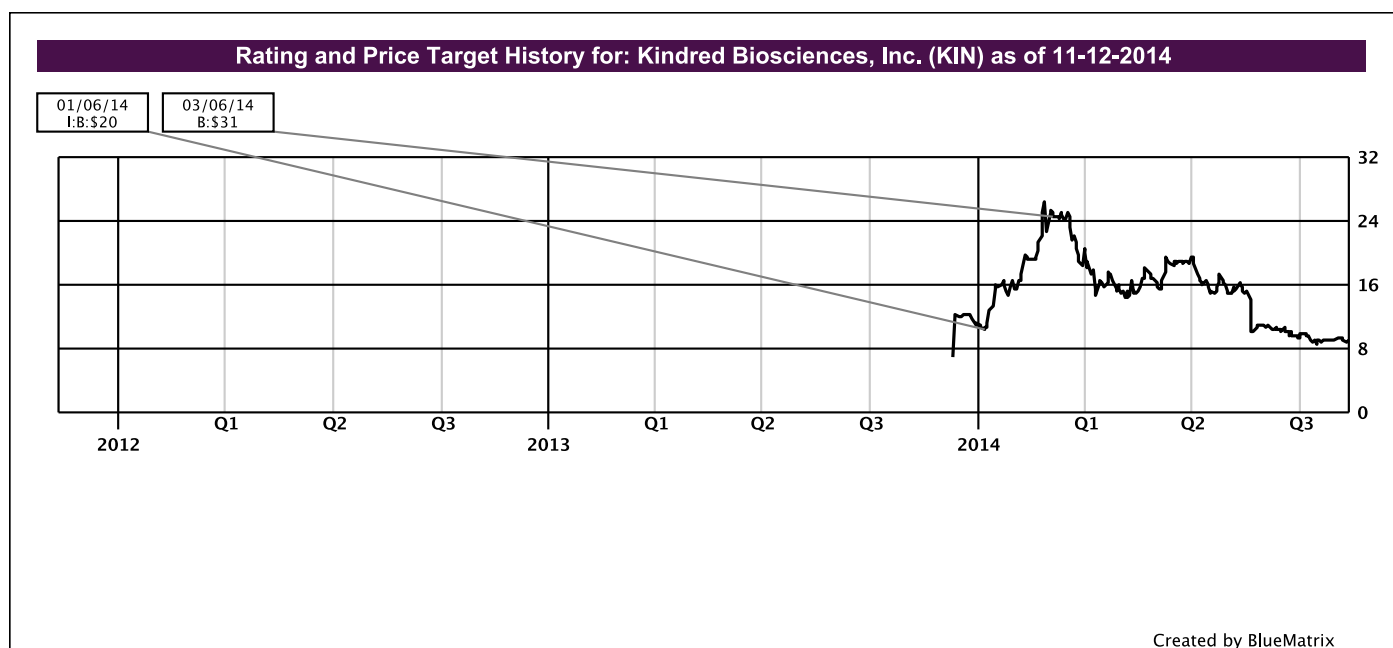
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