

Equity Research

March 5, 2014

**Price: \$13.50** (03/4/2014)

**Price Target: NA**

**OUTPERFORM (1)**

**Eric Schmidt, Ph.D.**

646.562.1345

eric.schmidt@cowen.com

**Key Data**

Symbol	NASDAQ: BIND
Market Cap (MM)	\$221.0

Company Quick Take

## *BIND Unveils First Partnered Accurin*

### The Cowen Insight

Abstracts for the AACR Meeting (April 5-9) are now available. They reveal details of an early stage collaboration between BIND and AZN, as well as initial Phase I data on BIND-014 (nanoparticle docetaxel) dosed once weekly. The datasets continue to support the ability of BIND accurins to provide for a differentiated therapeutic profile.

### Barasertib Accurinized And More At AACR

**Aurora B Kinase:** BIND began a partnership with AstraZeneca to develop an accurin in April 2013. Today, BIND unveiled barasertib (an Aurora B kinase inhibitor prodrug; AZD1152) as the active pharmaceutical ingredient along with preclinical data to be presented at AACR. Barasertib previously completed a randomized Phase 2 trial in elderly AML. In 2010, Barasertib demonstrated a statistically significant improvement in overall CR rates and trended towards an overall survival benefit following 7 days of continuous infusion. However, high levels of neutropenia and stomatitis were detected. Consequently, AZ collaborated with BIND to improve the therapeutic index via accurinization.

In a nude rat tumor model, AZD1152-hQPA accurins increased the PD inhibition of p-histone H3, improved the anti-tumor effect and reduced the bone marrow pathology compared to barasertib. Therefore, in an animal model BIND's accurin platform has meaningfully impacted barasertib's therapeutic index. Consequently, BIND's platform has been further validated and we are hopeful that AZ will exercise its option, providing BIND with an additional clinical candidate.

**BIND-014 Q1W:** An abstract for the Phase I Q1W administration of BIND-014 was also released. Dose limiting toxicities of mucositis and febrile neutropenia occurred at 40mg/m<sup>2</sup>. This compares to an MTD of 60mg/m<sup>2</sup> for BIND-014's Q3W regimen. Of the 28 enrolled patients, 2 PRs were observed along with 4 disease stabilizations >12 weeks. Therefore, Q1W MTD increases the average weekly exposure to docetaxel compared to free docetaxel or Q3W but no major effect on efficacy was observable in this limited data set.

**Our 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 enormous: docetaxel sales peaked at over \$3B in 2009. Following a September 2013 IPO that raised over \$70MM in gross proceeds, Bind has \$81MM in cash, enough to fund operations well into 2015. We expect shares to outperform as BIND-014 advances and investor appreciation for the company's Accurin platform grows.

## *Valuation Methodology And Risks*

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### **Valuation Methodology**

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#### **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**

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#### **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**

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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, Inc.

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**Cowen and Company, LLC. New York** (646) 562-1000 **Boston** (617) 946-3700 **San Francisco** (415) 646-7200 **Chicago** (312) 577-2240 **Cleveland** (440) 331-3531 **Atlanta** (866) 544-7009 **London** (affiliate) 44-207-071-7500

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**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 Dahlgren 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

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## Cowen And Company Rating Definitions

### Distribution of Ratings/Investment Banking Services (IB) as of 12/31/13

Rating	Count	Ratings Distribution	Count	IB Services/Past 12 Months
Buy (a)	415	59.20%	68	16.39%
Hold (b)	270	38.52%	4	1.48%
Sell (c)	16	2.28%	1	6.25%

(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.

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### BIND Therapeutics, Inc. Rating History as of 03/04/2014

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#### 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

## Points Of Contact

### Reaching Cowen

#### Main U.S. Locations

**New York**

599 Lexington Avenue  
New York, NY 10022  
646.562.1000  
800.221.5616

**Boston**

Two International Place  
Boston, MA 02110  
617.946.3700  
800.343.7068

**Cleveland**

20006 Detroit Road  
Suite 100  
Rocky River, OH 44116  
440.331.3531

**San Francisco**

555 California Street, 5th Floor  
San Francisco, CA 94104  
415.646.7200  
800.858.9316

**Atlanta**

3399 Peachtree Road NE  
Suite 417  
Atlanta, GA 30326  
866.544.7009

**Chicago**

181 West Madison Street  
Suite 1925  
Chicago, IL 60602  
312.577.2240

**Houston**

600 Travis Street  
Suite 1970  
Houston, TX 77002  
281.657.6800

#### International Locations

**Cowen International  
Limited****London**

1 Snowden Street - 11th Floor  
London EC2A 2DQ  
United Kingdom  
44.20.7071.7500

**Cowen and Company (Asia)  
Limited****Hong Kong**

Suite 1401 Henley Building  
No. 5 Queens Road Central  
Central, Hong Kong  
852 3752 2333

