

# BIND Therapeutics (BIND)

## SMALL & MID CAP RESEARCH

## Estimate Updates

We are updating our 2013, 2014 and 2015 EPS estimates to correct a database calculation error and to include the partially exercised overallotment. There are no changes to our revenue, expense or net income.

EPS for 2013 goes to \$(4.98) from \$(4.43), 2014 goes to \$(2.02) from \$(2.07), and 2015 to \$(0.19) from \$(0.18).



Rating	<b>OUTPERFORM* [V]</b>
Price (28 Jan 14, US\$)	12.73
Target price (US\$)	21.00 <sup>1</sup>
52-week price range	15.40 - 8.49
Market cap. (US\$ m)	208.36
Enterprise value (US\$ m)	136.25

\*Stock ratings are relative to the coverage universe in each analyst's or each team's respective sector.

<sup>1</sup>Target price is for 12 months.

[V] = Stock considered volatile (see Disclosure Appendix).

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## Financial and valuation metrics

Year	12/12A	12/13E	12/14E	12/15E
EPS (CS adj.) (US\$)	-1.98	-4.98	-2.02	-0.19
Prev. EPS (US\$)	—	-4.43	-2.07	-0.18
P/E (x)	-6.4	-2.6	-6.3	-68.7
P/E rel. (%)	-36.5	-15.4	-41.7	-503.9
Revenue (US\$ m)	1.0	13.4	17.4	72.4
EBITDA (US\$ m)	-17.5	-23.5	-34.4	-2.4
OCFPS (US\$)	-1.78	-1.74	-0.83	1.38
P/OCF (x)	—	-7.3	-15.4	9.3
EV/EBITDA (current)	-11.0	-8.1	-5.6	-80.1
Net debt (US\$ m)	-2	-72	-166	-195
ROIC (%)	-1,028.15	1,406.14	-1,011.76	-72.22
Number of shares (m)	16.37	IC (current, US\$ m)		1.81
BV/share (Next Qtr., US\$)	51.3	EV/IC (x)		-31.4
Net debt (Next Qtr., US\$ m)	-76.0	Dividend (current, US\$)		—
Net debt/tot cap (Next Qtr., %)	-105.9	Dividend yield (%)		—

Source: Company data, Credit Suisse estimates

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**Exhibit 1: BIND Earnings Model**

	Q1:13A	Q2:13A	Q3:13A	Q4:13E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E
<b>Revenues</b>														
BIND-014 US sales										50.6	218.9	355.2	416.1	484.7
BIND-014 ex-US royalties and mfg. rev											8.1	22.0	33.7	46.2
Partnering, grants, milestones	1.5	2.8	4.6	4.6	13.4	17.5	72.4	19.2	38.4	39.0	10.0	25.5	10.0	10.0
<b>Total Revenues</b>	<b>1.5</b>	<b>2.8</b>	<b>4.6</b>	<b>4.6</b>	<b>13.4</b>	<b>17.5</b>	<b>72.4</b>	<b>19.2</b>	<b>38.4</b>	<b>89.6</b>	<b>237.1</b>	<b>402.7</b>	<b>459.9</b>	<b>540.9</b>
<b>Expenses</b>														
Research and development	5.7	6.0	5.3	8.0	25.0	42.0	63.0	66.8	70.8	75.0	78.8	82.7	86.9	91.2
Sales, general, administrative	2.0	2.4	6.3	2.7	13.4	11.5	13.5	18.2	34.1	105.8	111.1	116.6	122.5	128.6
Cost of goods										6.1	26.3	42.6	49.9	58.2
Royalty expense										1.5	6.6	10.7	12.5	14.5
<b>Total Operating Expenses</b>	<b>7.6</b>	<b>8.4</b>	<b>11.6</b>	<b>10.7</b>	<b>38.4</b>	<b>53.5</b>	<b>76.5</b>	<b>85.0</b>	<b>104.9</b>	<b>188.4</b>	<b>222.7</b>	<b>252.6</b>	<b>271.7</b>	<b>292.5</b>
Operating income (loss)	(6.1)	(5.6)	(7.1)	(6.2)	(25.0)	(36.1)	(4.1)	(65.8)	(66.5)	(98.8)	14.4	150.1	188.1	248.4
Total Other Income (Expense)	(0.2)	(0.3)	(0.3)	(0.1)	(0.8)	(0.2)	(0.1)	0.8	0.6	0.4	0.8	1.0	1.2	1.5
Pre Tax Income	(6.3)	(5.9)	(7.4)	(6.2)	(25.8)	(36.3)	(4.2)	(65.0)	(65.9)	(98.4)	15.2	151.1	189.3	249.9
Income tax													66.3	87.5
<b>Net Income</b>	<b>(7.6)</b>	<b>(7.3)</b>	<b>(8.3)</b>	<b>(6.2)</b>	<b>(29.5)</b>	<b>(36.3)</b>	<b>(4.2)</b>	<b>(65.0)</b>	<b>(65.9)</b>	<b>(98.4)</b>	<b>15.2</b>	<b>151.1</b>	<b>123.1</b>	<b>162.4</b>
EPS - basic (proforma)	(\$2.90)	(\$2.68)	(\$2.70)	(\$0.38)	(\$4.98)	(\$2.02)	(\$0.19)	(\$2.21)	(\$2.21)	(\$3.25)	\$0.49	\$4.85	\$3.89	\$5.06
EPS - diluted (proforma)	(\$2.90)	(\$2.68)	(\$2.70)	(\$0.38)	(\$4.98)	(\$2.02)	(\$0.19)	(\$2.21)	(\$2.21)	(\$3.25)	\$0.44	\$4.33	\$3.48	\$4.52
Shares outstanding - basic (proforma)	2.17	2.21	3.08	16.24	5.93	17.95	22.85	29.37	29.81	30.26	30.71	31.17	31.64	32.12
Shares outstanding - diluted (proforma)	2.17	2.21	3.08	16.24	5.93	17.95	23.67	29.37	29.81	30.26	34.32	34.85	35.39	35.94

Source: Company data, Credit Suisse estimates

**Companies Mentioned** (Price as of 28-Jan-2014)**BIND Therapeutics** (BIND.OQ, \$12.73, OUTPERFORM[V], TP \$21.0)**Disclosure Appendix****Important Global Disclosures**

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**3-Year Price and Rating History for BIND Therapeutics (BIND.OQ)**

BIND.OQ	Closing Price	Target Price	
Date	(US\$)	(US\$)	Rating
15-Oct-13	15.10	21.00	O *

\* Asterisk signifies initiation or assumption of coverage.



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Restricted	2%	

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**Method:** Our \$21 target price for BIND is based on DCF (discounted cash flow) using probability-weighted sales estimates for BIND-014 modeled through 2028 (\$17 per share) and a DCF analysis of three partnerships with major pharmaceutical companies (\$4 per share). We estimate a 65% probability of success for BIND-014 and a 15% probability of success for partnered programs. We model a commercial launch of BIND-014 in 2018. We use a 38% tax rate and a 12% discount rate.

**Risk:** Risks to our \$21 target price for BIND are (1) unexpected negative efficacy or safety result in ongoing Phase II BIND-014 study, (2) regulatory risk of potential approval for BIND-014, (3) execution risk in signing a potential partner for BIND-014 and/or launch and marketing of BIND-014, if approved, (4) failure of its partners to move forward with current programs, and (5) financing risk.

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