

BIND Therapeutics, Inc. (BIND)

1Q14 Earnings Update: BIND-014 Provides Nice Upside Surprise in KRAS Lung Cancer

MARKET DATA

Price	\$9.51
52-Week Range:	\$8.36 - \$15.89
Shares Out. (M):	15.8
Market Cap (\$M):	\$150.3
Average Daily Vol. (000):	94.0
Cash (M):	\$69
Cash/Share:	\$4.18
Enterprise Value (M):	\$97
Float (M):	13.2
LT Debt (M):	\$3

Source: Thomson Reuters and JMP Securities LLC

MARKET OUTPERFORM | Price: \$9.51 | Target Price: \$30.00

INVESTMENT HIGHLIGHTS

Interim analysis shows promising activity in KRAS NSCLC with BIND-014; 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 earnings. Reported net loss for the quarter was \$8.32MM, less than our estimate of \$9.9MM and in line with consensus. Reported R&D expense of \$6.8MM was less than our estimated \$7.5MM, as was SG&A expense of \$3.3MM compared with our estimated \$4.2MM. BIND finished the quarter with \$68.7MM in cash and short-term investments-sufficient to fund operations into mid-2015, according to guidance. A comparison of 4Q13 results versus JMP and consensus estimates is provided in Figure 2. As detailed on the call, results from a futility analysis of BIND-014 in NSCLC yielded objective responses in a subset with KRAS mutation- an avenue that will be explored further in a signal-finding study beginning in 3Q14.

BIND-014 holds promise in KRAS lung cancer. Recall, BIND is conducting a 40-patient Phase II trial of BIND-014 in second-line NSCLC, evaluating a once every three-week regimen (Q3W) at 60mg/m2. Subset analysis of recent, successfully completed futility analysis showed two PRs among a total of six KRAS+ patients, and two patients achieving stable disease lasting ≥ 12 weeks. Against a backdrop of zero objective response for the Taxotere control arm in a recently published Phase II study of selumetinib (AZN, NC) in KRAS NSCLC, these data, although preliminary, suggest a potential efficacy advantage over free taxane delivery. BIND intends to further explore these data in a 20-patient, single-arm Phase II trial beginning in 3Q14.

An additional four PSMA-expressing indications also to be explored. A second signal-finding Phase II study (also initiating in 3Q14) will evaluate BIND-014 across four solid tumor indications (cervical, bladder, cholangio and neuroendocrine tumors) where PSMA has been shown to be expressed at high levels. In addition to antitumor activity, the trial will measure biomarker expression, tumor vascularity, and particle uptake and relate these parameters to response.

Changes to our model. Changes to our model (Figure 3) reflect the impact of the 1Q14 earnings update. Quarterly share count estimates for 2014 and outer years have been decreased incrementally to reflect the reported outstanding share count as of 1Q14. The net effect of these changes has been to marginally lower our EPS estimates, however, with negligible impact to our valuation metrics.

FY DEC		2012A	2013A	2014E
Revenue (\$M)	1Q	--	\$0.0	\$1.6A
	2Q	--	\$0.0	\$1.8
	3Q	--	\$0.0	\$5.0
	4Q	--	\$0.0	\$11.0
	FY	\$1.0	\$0.0	\$19.4
EPS	1Q	--	(\$0.23)	(\$0.51)A
	2Q	--	(\$0.54)	(\$0.63)
	3Q	--	(\$2.70)	(\$0.48)
	4Q	--	(\$0.50)	(\$0.16)
	FY	(\$1.98)	(\$5.18)	(\$1.63)
	P/E	NM	NM	NM
	Previous FY	NC	NC	(\$1.70)

Source: Company reports and JMP Securities LLC

STOCK PRICE PERFORMANCE

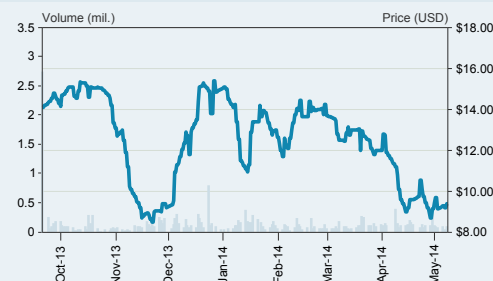


FIGURE 1. Upcoming Catalysts

Timing	Catalyst
3Q14	Initiation of 20-pt signal finding Phase II in KRAS+ NSCLCL
3Q14	Initiation of Phase II trial in PSMA-expressing tumor types
April 9 th	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. 1Q14 Results versus JMP and Consensus Estimates

BIND Therapeutics(BIND) (\$ MM)	1Q14 Results			
	JMP Estimate	Street Consensus	Actual	Variance (JMP vs. Actual)
Total Revenues	1.80	2.46	1.57	0.2
Operating Expenses	11.70	11.13	10.08	1.6
Research and development	7.50		6.82	0.7
General and administrative	4.20		3.26	0.9
Operating income (loss)	(26.86)	(8.67)	(8.52)	(18.3)
Other income (expense)	0.00	(0.03)	0.20	(0.2)
Pretax income (loss)	(9.90)	(8.70)	(8.32)	(1.6)
Net income (loss)	(9.90)	(8.70)	(8.32)	(1.6)
EPS Calculations				
Basic EPS	\$ (0.60)	\$ (0.53)	\$ (0.51)	(0.1)
Diluted EPS	\$ (0.60)	\$ (0.53)	\$ (0.51)	(0.1)
Basic shares outstanding	16.613		16.424	0.2
Diluted shares outstanding	16.613		16.424	0.2

Source: JMP Securities LLC and Bloomberg

FIGURE 3. Changes to Our Model

BIND Therapeutics (BIND) (\$ MM)	2Q14E		3Q14E		4Q14E		FY 2014E		FY 2015E		FY 2016E	
	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New
Collaboration Revenue	1.8	1.8	5.0	5.0	11.0	11.0	19.6	19.4	70.5	70.5	29.0	29.0
Other												
Total Revenues	1.80	1.8	5.00	5.0	11.0	11.0	19.6	19.4	70.5	70.5	29.0	29.0
COGS	-	-	-	-	-	-	-	-	-	-	-	-
Gross Profit	1.80	1.80	5.00	5.00	11.00	11.00	19.60	19.37	70.50	70.50	29.00	29.00
Operating Expenses	12.1	12.1	12.9	12.9	13.9	13.9	50.6	49.0	80.0	77.6	133.8	129.9
Research and development	7.6	7.6	8.0	8.0	8.5	8.5	31.6	30.9	55.3	54.1	96.8	94.7
General and administrative	4.5	4.5	4.9	4.9	5.4	5.4	19.0	18.1	24.7	23.5	37.1	35.2
Operating income (loss)	(10.3)	(10.3)	(7.9)	(7.9)	(2.9)	(2.9)	(31.0)	(29.6)	(9.5)	(7.1)	(104.8)	(100.9)
Other income (expense)	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-	-	-	-
Pretax income	(10.3)	(10.3)	(7.9)	(7.9)	(2.9)	(2.9)	(31.0)	(29.6)	(9.5)	(7.1)	(104.8)	(100.9)
Provision for Income Tax	-	-	-	-	-	-	-	-	-	-	-	-
Net income	(10.3)	(10.3)	(7.9)	(7.9)	(2.9)	(2.9)	(31.0)	(29.6)	(9.5)	(7.1)	(104.8)	(100.9)
Basic EPS	\$ (0.62)	\$ (0.63)	\$ (0.47)	\$ (0.48)	\$ (0.16)	\$ (0.16)	\$ (1.70)	\$ (1.64)	\$ (0.47)	\$ (0.36)	\$ (4.80)	\$ (4.67)
Diluted EPS	\$ (0.62)	\$ (0.63)	\$ (0.47)	\$ (0.48)	\$ (0.16)	\$ (0.16)	\$ (1.70)	\$ (1.64)	\$ (0.47)	\$ (0.36)	\$ (4.80)	\$ (4.67)
Basic shares outstanding	16.66	16.46	16.74	16.54	18.30	18.10	18.25	18.07	20.05	19.85	21.82	21.62
Diluted shares outstanding	16.66	16.46	16.74	16.54	18.30	18.10	18.25	18.07	20.05	19.85	21.82	21.62

Source: JMP Securities LLC and Company Reports

FIGURE 4. Updated Income Statement

Income Statement (\$MM)	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	1.6	1.8	5.0	11.0	19.4	70.5	29.0	55.0	20.0	51.5	72.0
Total Revenue	1.6	1.8	5.0	11.0	19.4	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	1.6	1.8	5.0	11.0	19.4	70.5	29.0	140.9	178.0	386.9	650.5
Operating Expenses:											
Research and Development	6.8	7.6	8.0	8.5	30.9	54.1	94.7	137.3	162.0	186.3	208.7
General and administrative	3.3	4.5	4.9	5.4	18.1	23.5	35.2	61.6	92.4	129.4	155.3
Total operating expenses	10.1	12.1	12.9	13.9	49.0	77.6	129.9	199.0	254.5	315.8	364.0
Operating income (loss)	(8.5)	(10.3)	(7.9)	(2.9)	(29.6)	(7.1)	(100.9)	(58.0)	(76.5)	71.1	286.5
Other income (expense):											
Interest income											
Interest expense											
Total other income, net	0.2	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)	(8.3)	(10.3)	(7.9)	(2.9)	(29.4)	(7.1)	(100.9)	(58.0)	(76.5)	71.1	286.5
Income tax benefit (provision)					0.0	0.0	0.0	0.0	0.0	(10.7)	(57.3)
Tax Rate					0%	0%	0%	0%	0%	15%	20%
Comprehensive income (loss)	(8.3)	(10.3)	(7.9)	(2.9)	(29.4)	(7.1)	(100.9)	(58.0)	(76.5)	60.4	229.2
Accretion of redeemable convertible preferred stock											
Net income (loss) attributable to common stockholders	(8.3)	(10.3)	(7.9)	(2.9)	(29.4)	(7.1)	(100.9)	(58.0)	(76.5)	60.4	229.2
Basic EPS to common shareholders	\$ (0.51)	\$ (0.63)	\$ (0.48)	\$ (0.16)	\$ (1.63)	\$ (0.36)	\$ (4.67)	\$ (2.47)	\$ (3.15)	\$ 2.42	\$ 8.91
Diluted EPS to common shareholders	\$ (0.51)	\$ (0.63)	\$ (0.48)	\$ (0.16)	\$ (1.63)	\$ (0.36)	\$ (4.67)	\$ (2.47)	\$ (3.15)	\$ 1.91	\$ 7.08
Basic shares outstanding	16.4	16.5	16.5	18.1	18.1	19.9	21.6	23.5	24.3	25.0	25.7
Diluted shares outstanding	16.4	16.5	16.5	18.1	18.1	19.9	21.6	23.5	24.3	31.6	32.4

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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JMP Securities was manager or co-manager of a public offering of securities for BIND Therapeutics, Inc. (BIND) in the past 12 months, and received compensation for doing so.

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Market Outperform (MO): JMP Securities expects the stock price to outperform relevant market indices over the next 12 months.

Market Perform (MP): JMP Securities expects the stock price to perform in line with relevant market indices over the next 12 months.

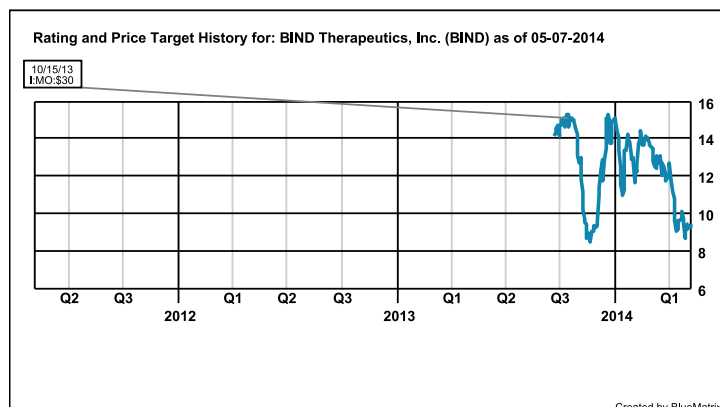
Market Underperform (MU): JMP Securities expects the stock price to underperform relevant market indices over the next 12 months.

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JMP Rating	Regulatory Equivalent	# Co's Under Coverage	% of Total	Regulatory Equivalent	# Co's Under Coverage	% of Total	# Co's Receiving IB Services in Past 12 Months	% of Co's With This Rating
MARKET OUTPERFORM	Buy	254	58.12%	Buy	254	58.12%	102	40.16%
MARKET PERFORM	Hold	135	30.89%	Hold	135	30.89%	17	12.59%
MARKET UNDERPERFORM	Sell	5	1.14%	Sell	5	1.14%	0	0%
COVERAGE IN TRANSITION		43	9.84%		43	9.84%	0	0%
TOTAL:		437	100%		437	100%	119	27.23%

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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