

# BIND Therapeutics, Inc. (BIND)

2Q14 Earnings Update: Focus Stays on Phase II Readouts in Q4

## MARKET DATA

Price	\$9.11
52-Week Range:	\$8.00 - \$15.89
Shares Out. (M):	16.5
Market Cap (\$M):	\$150.3
Average Daily Vol. (000):	82.0
Cash (M):	\$59
Cash/Share:	\$3.57
Enterprise Value (M):	\$85
Float (M):	13.2
LT Debt (M):	\$3

Source: Thomson Reuters and JMP Securities LLC

**MARKET OUTPERFORM** | Price: \$9.11 | Target Price: \$30.00

## INVESTMENT HIGHLIGHTS

**BIND Therapeutics on track to top-line BIND-014 Phase II data in NSCLC and CRPC; reiterating Market Outperform rating 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, rather than earnings. BIND reported a net loss for the quarter of \$8.344MM, lower than our estimate of \$10.3MM and in line with consensus. Reported R&D expense of \$6.9MM was lower than our estimated \$7.6MM, as was SG&A expense of \$3.8MM compared with our estimated \$4.5MM. BIND finished the quarter with \$59MM in cash and short-term investments. A comparison of 2Q14 results versus JMP and consensus estimates is provided in Figure 2.

**Phase II readouts of BIND-014 in NSCLC and CRPC continue on track for 4Q14.** Recall, BIND is conducting two, 40-patient Phase II trials of BIND-014 in second-line NSCLC and chemotherapy naïve metastatic CRPC, evaluating a once every three-week regimen (Q3W) at 60mg/m<sup>2</sup>. With both trials now fully enrolled, top-line data are expected during 4Q14, with full results to be presented subsequently at an as yet undisclosed medial meeting. We maintain our view that appreciable improvements in objective response rates compared to Taxotere, in addition to maintaining a favorable safety profile, are critical to the Phase III development and commercial viability of BIND-014.

**KRAS+ and PSMA-tumor Phase II trials to get underway in 2H14.** Recall, BIND plans to initiate two exploratory Phase II trials of BIND-014, the first being a 20-patient, single arm trial in KRAS mutant NSCLC, based on a promising objective response signal in the current unselected NSCLC Phase II study. The trial protocol allows for the potential expansion to KRAS+ 40 patients based on the initial results. A second signaling-finding Phase II study 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 anti-tumor 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 2Q14 earnings update. Quarterly share count estimates for 2014 and outer years have been marginally decreased to reflect the reported outstanding share count as of 2Q14. The net effect of these changes has been to marginally lower our EPS estimates, however, with negligible impact to our valuation metrics.

FY DEC		2013A	2014E	2015E
Revenue (\$M)	1Q	\$0.0	\$1.6A	\$1.8
	2Q	\$0.0	\$2.5A	\$5.0
	3Q	\$0.0	\$5.0	\$3.0
	4Q	\$0.0	\$3.0	\$11.4
	<b>FY</b>	<b>\$0.0</b>	<b>\$12.0</b>	<b>\$60.5</b>
EPS	1Q	(\$0.23)	(\$0.51)A	(\$0.63)
	2Q	(\$0.54)	(\$0.51)A	(\$0.48)
	3Q	(\$2.70)	(\$0.48)	(\$0.60)
	4Q	(\$0.50)	(\$0.60)	(\$2.07)
	<b>FY</b>	<b>(\$5.18)</b>	<b>(\$1.97)</b>	<b>(\$0.86)</b>
Previous FY		NC	(\$2.07)	NC

Source: Company reports and JMP Securities LLC

## STOCK PRICE PERFORMANCE



**Reiterating our bullish stance on BIND shares.** We retain a high level of conviction with BIND-014 and the Accurin development platform, supported by the recently announced collaboration with Roche, compelling pre-clinical data from the ongoing collaboration with AstraZeneca (AZN) using Accurin formulation of barasertib, and encouraging preliminary objective response data with BIND-014 in KRAS mutant NSCLC.

**FIGURE 1. Upcoming Catalysts**

Timing	Catalyst
3Q14	Initiation of 20-pt signal finding Phase II in KRAS+ NSCLC
3Q14	Initiation of Phase II trial in PSMA-expressing tumor types
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: Company Reports

**FIGURE 2. 2Q14 Results versus JMP and Consensus Estimates**

BIND Therapeutics(BIND) (\$ MM)	2Q14 Results			
	JMP Estimate	Consensus	Actual	Variance (JMP vs. Actual)
<b>Total Revenues</b>	<b>1.80</b>	<b>2.46</b>	<b>2.46</b>	<b>0.7</b>
<b>Operating Expenses</b>	<b>12.10</b>	<b>11.13</b>	<b>10.68</b>	<b>1.4</b>
Research and development	7.60		6.90	0.7
General and administrative	4.50		3.77	0.7
<b>Operating income (loss)</b>	<b>(10.30)</b>	<b>(8.67)</b>	<b>(8.22)</b>	<b>2.1</b>
<b>Other income (expense)</b>	<b>0.00</b>	<b>(0.03)</b>	<b>(0.23)</b>	<b>(0.2)</b>
<b>Pretax income (loss)</b>	<b>(10.30)</b>	<b>(8.70)</b>	<b>(8.44)</b>	<b>1.9</b>
<b>Net income (loss)</b>	<b>(10.30)</b>	<b>(8.70)</b>	<b>(8.44)</b>	<b>1.9</b>
<b>EPS Calculations</b>				
<b>Basic EPS</b>	<b>\$ (0.63)</b>	<b>\$ (0.53)</b>	<b>\$ (0.51)</b>	<b>0.1</b>
<b>Diluted EPS</b>	<b>\$ (0.63)</b>	<b>\$ (0.53)</b>	<b>\$ (0.51)</b>	<b>0.1</b>
Basic shares outstanding	16.462		16.464	0.0
Diluted shares outstanding	16.462		16.464	0.0

Source: JMP Securities LLC and Bloomberg

**FIGURE 3. Changes to Our Model**

BIND Therapeutics (BIND) (\$ MM)	3Q14E		4Q14E		FY 2014E		FY 2015E		FY 2016E	
	Old	New	Old	New	Old	New	Old	New	Old	New
Collaboration Revenue Other	5.0	5.0	3.0	3.0	11.4	12.0	60.5	60.5	29.0	29.0
<b>Total Revenues</b>	<b>5.00</b>	<b>5.0</b>	<b>3.0</b>	<b>3.0</b>	<b>11.4</b>	<b>12.0</b>	<b>60.5</b>	<b>60.5</b>	<b>29.0</b>	<b>29.0</b>
<b>COGS</b>	-	-	-	-	-	-	-	-	-	-
<b>Gross Profit</b>	5.00	5.00	3.00	3.00	11.37	12.02	60.50	60.50	29.00	29.00
<b>Operating Expenses</b>	<b>12.9</b>	<b>12.9</b>	<b>13.9</b>	<b>13.9</b>	<b>49.0</b>	<b>47.6</b>	<b>77.6</b>	<b>77.6</b>	<b>129.9</b>	<b>129.9</b>
Research and development	8.0	8.0	8.5	8.5	30.9	30.2	54.1	54.1	94.7	94.7
General and administrative	4.9	4.9	5.4	5.4	18.1	17.3	23.5	23.5	35.2	35.2
<b>Operating income (loss)</b>	(7.9)	(7.9)	(10.9)	(10.9)	(37.6)	(35.5)	(17.1)	(17.1)	(100.9)	(100.9)
<b>Other income (expense)</b>	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-	-
<b>Pretax income</b>	(7.9)	(7.9)	(10.9)	(10.9)	(37.6)	(35.5)	(17.1)	(17.1)	(100.9)	(100.9)
Provision for Income Tax	-	-	-	-	-	-	-	-	-	-
<b>Net income</b>	(7.9)	(7.9)	(10.9)	(10.9)	(37.6)	(35.5)	(17.1)	(17.1)	(100.9)	(100.9)
<b>Basic EPS</b>	<b>\$ (0.48)</b>	<b>\$ (0.48)</b>	<b>\$ (0.60)</b>	<b>\$ (0.60)</b>	<b>\$ (2.08)</b>	<b>\$ (1.97)</b>	<b>\$ (0.86)</b>	<b>\$ (0.86)</b>	<b>\$ (4.67)</b>	<b>\$ (4.68)</b>
<b>Diluted EPS</b>	<b>\$ (0.48)</b>	<b>\$ (0.48)</b>	<b>\$ (0.60)</b>	<b>\$ (0.60)</b>	<b>\$ (2.08)</b>	<b>\$ (1.97)</b>	<b>\$ (0.86)</b>	<b>\$ (0.86)</b>	<b>\$ (4.67)</b>	<b>\$ (4.68)</b>
Basic shares outstanding	16.54	16.50	18.10	18.06	18.07	18.04	19.85	19.82	21.62	21.58
Diluted shares outstanding	16.54	16.50	18.10	18.06	18.07	18.04	19.85	19.82	21.62	21.58

Source: JMP Securities LLC and Company Reports

FIGURE 4. Updated Income Statement

Income Statement (\$MM)	1Q14A	2Q14A	3Q14E	4Q14E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E
Product Sales and Royalties:												
BIND-014												
US Sales						-	-	95.5	168.0	341.1	583.1	950.8
ROW Royalties						-	-	-	6.8	28.4	53.8	87.8
<b>Total Product Sales and Royalties</b>	-	-	-	-	-	-	-	95.5	174.8	369.5	636.8	1,038.6
Collaboration Revenue	1.6	2.5	5.0	3.0	12.0	60.5	29.0	35.0	20.0	26.5	42.0	32.5
<b>Total Revenue</b>	1.6	2.5	5.0	3.0	12.0	60.5	29.0	130.5	194.8	396.0	678.8	1,071.1
Cost of Goods Sold							0.0	9.5	16.8	34.1	58.3	95.1
<b>Gross Profit</b>	1.6	2.5	5.0	3.0	12.0	60.5	29.0	120.9	178.0	361.9	620.5	976.0
<b>Operating Expenses:</b>												
Research and Development	6.8	6.9	8.0	8.5	30.2	54.1	94.7	137.3	162.0	186.3	208.7	225.4
General and administrative	3.3	3.8	4.9	5.4	17.3	23.5	35.2	61.6	92.4	129.4	155.3	178.6
<b>Total operating expenses</b>	10.1	10.7	12.9	13.9	47.6	77.6	129.9	199.0	254.5	315.8	364.0	404.0
<b>Operating income (loss)</b>	(8.5)	(8.2)	(7.9)	(10.9)	(35.5)	(17.1)	(100.9)	(78.0)	(76.5)	46.1	256.5	572.0
<b>Other income (expense):</b>												
Interest income	(0.1)											
Interest expense	0.3											
<b>Total other income, net</b>	0.2	(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)												
<b>Pretax income (loss)</b>	(8.3)	(8.4)	(7.9)	(10.9)	(35.6)	(17.1)	(100.9)	(78.0)	(76.5)	46.1	256.5	572.0
Income tax benefit (provision)					0.0	0.0	0.0	0.0	0.0	(6.9)	(51.3)	(143.0)
Tax Rate					0%	0%	0%	0%	0%	15%	20%	25%
<b>Comprehensive income (loss)</b>	(8.3)	(8.4)	(7.9)	(10.9)	(35.6)	(17.1)	(100.9)	(78.0)	(76.5)	39.2	205.2	429.0
Accretion of redeemable convertible preferred stock												
<b>Net income (loss) attributable to common stockholders</b>	(8.3)	(8.4)	(7.9)	(10.9)	(35.6)	(17.1)	(100.9)	(78.0)	(76.5)	39.2	205.2	429.0
<b>Basic EPS to common shareholders</b>	\$ (0.51)	\$ (0.51)	\$ (0.48)	\$ (0.60)	\$ (1.97)	\$ (0.86)	\$ (4.68)	\$ (3.32)	\$ (3.16)	\$ 1.57	\$ 7.98	\$ 16.22
<b>Diluted EPS to common shareholders</b>	\$ (0.51)	\$ (0.51)	\$ (0.48)	\$ (0.60)	\$ (1.97)	\$ (0.86)	\$ (4.68)	\$ (3.32)	\$ (3.16)	\$ 1.24	\$ 6.35	\$ 12.96
Basic shares outstanding	16.4	16.5	16.5	18.1	18.0	19.8	21.6	23.5	24.2	25.0	25.7	26.5
Diluted shares outstanding	16.4	16.5	16.5	18.1	18.0	19.8	21.6	23.5	24.2	31.5	32.3	33.1

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 around its Accurin nanoparticle delivery platform technology. Founded in 2007, BIND's focus has been 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 cell 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 Pfizer and Astra-Zeneca to couple developing product candidates with Accurin delivery technology, with the potential to deliver upfront and future milestone payments 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 upon 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 of 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 and AstraZeneca and is dependent upon these partnerships for non-dilutive sources of capital. Changes to the partnership arrangements could have a substantial negative impact on the company's share price.

**Financial.** Following the IPO, we estimate that BIND will have sufficient cash and cash equivalents 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 development of BIND-014 and other drug candidates, exposing existing shareholders to some degree of dilution risk.

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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.

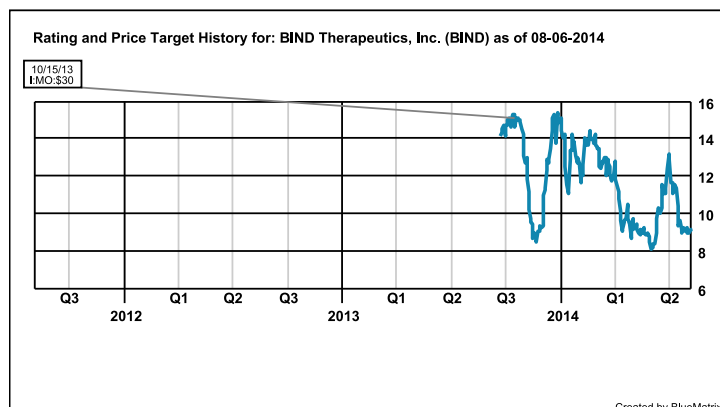
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JMP Rating	Regulatory Equivalent	# Co's Under Coverage	% of Total	Regulatory Equivalent	# Co's Under Coverage	% of Total	# Co's Receiving IB Services in Past 12 Months	% of Co's With This Rating
MARKET OUTPERFORM	Buy	266	60.05%	Buy	266	60.05%	98	36.84%
MARKET PERFORM	Hold	137	30.93%	Hold	137	30.93%	18	13.14%
MARKET UNDERPERFORM	Sell	4	0.90%	Sell	4	0.90%	0	0%
COVERAGE IN TRANSITION		36	8.13%		36	8.13%	0	0%
TOTAL:		443	100%		443	100%	116	26.19%

### 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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