

BIND Therapeutics, Inc. (BIND)

BIND Reports 3Q13 Amid Incrementally Positive Updates Post-IPO

MARKET DATA

Price	\$12.94
52-Week Range:	\$12.12 - \$15.89
Shares Out. (M):	15.8
Market Cap (\$M):	\$204.5
Average Daily Vol. (000):	47.0
Cash (M):	\$81
Cash/Share:	\$5.02
Enterprise Value (M):	\$287
Float (M):	13.1
LT Debt (M):	\$5

Source: Thomson Reuters and JMP Securities LLC

MARKET OUTPERFORM | Price: \$12.94 | Target Price: \$30.00

INVESTMENT HIGHLIGHTS

Rapid BIND-014 Phase II enrollment in CRPC and selection of weekly dosing regimen highlighted as BIND Therapeutics reports 3Q13 earnings results; 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 in NSCLC and CRPC, rather than about earnings. Reported net loss for the quarter was \$7.4MM, lower than both our estimate of \$10.2MM and the Street consensus of \$8.43MM, driven in large part by higher than anticipated recognition of deferred collaboration revenue. Operating expense of \$11.6MM was higher than our \$10.2MM estimate and \$9.88MM Street consensus. Specifically, reported R&D expense of \$5.35MM was lower than our estimated \$6.4MM, while SG&A expense of \$6.28MM was higher than our \$3.8MM estimate, attributed largely to \$3.7MM in one-time stock based compensation in connection with the recent IPO transaction. BIND finished the quarter with \$80.7MM in cash and cash equivalents. A comparison of 3Q13 results versus JMP and consensus estimates is provided in Figure 2.

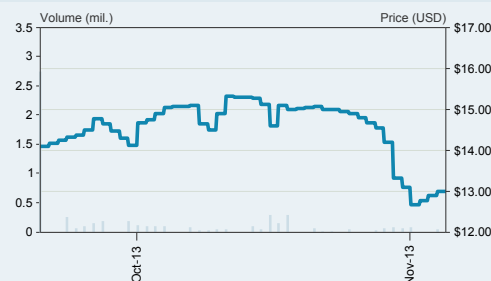
Phase II trials of BIND-014 are progressing on or ahead of schedule. Recall, BIND initiated two Phase II trials of BIND-014 (Accurin nanoparticle formulated docetaxel) in 3Q13, the first in second-line non-small cell lung cancer (NSCLC) and the second in chemotherapy naïve metastatic castrate resistant prostate cancer (CRPC). As described on the conference call, enrollment in the CRPC study has been progressing ahead of schedule, benefiting from a high level of interest from physicians seeking alternatives to docetaxel and a low barrier to adoption given the similar dosing regimen to Taxotere. Enrollment in the NSCLC study continues on track, and is expected to get a boost from the addition of new, high-quality recruitment sites in Russia over the near term.

Once-weekly regimen showing signs of promise. As a reminder, a once-weekly (Q1W) dosing schedule of BIND-014 (three weeks on followed by a one-week holiday) was also under Phase I evaluation in addition to the once every three weeks (Q3W) schedule carried forward into Phase II at 60mg/m². A Q1W maximum tolerated dose (MTD) of 40mg/m² has now been established, being described by the company as 'very well-tolerated'. The Q1W dose regimen implies patients can potentially tolerate up to twice the exposure of BIND-014 currently being evaluated in Phase II (120mg/m² at Q1W over three weeks versus 60mg/m² at Q3W), opening the door to better anti-tumor activity, in our view. Clinical presentation of the Phase I Q1W data is anticipated during 1H14, potentially at the ASCO GU conference in February or the annual AACR meeting

FY DEC		2012A	2013E	2014E
Revenue (\$M)	1Q	--	\$0.0A	\$1.8
	2Q	--	\$0.0A	\$1.8
	3Q	--	\$0.0A	\$5.0
	4Q	--	\$0.0	\$11.0
	FY	\$1.0	\$0.0	\$19.6
EPS	1Q	--	(\$0.23)A	(\$0.60)
	2Q	--	(\$0.54)A	(\$0.64)
	3Q	--	(\$2.70)A	(\$0.49)
	4Q	--	(\$0.56)	(\$0.16)
	FY	(\$1.98)	(\$1.78)	(\$1.74)
	P/E	NM	NM	NM
	Previous FY	NC	(\$2.09)	(\$2.89)

Source: Company reports and JMP Securities LLC

STOCK PRICE PERFORMANCE



in April. Ongoing trials of Phase II trials with BIND-014 are slated to recruit patients to a separate Q1W study arm following enrollment completion of the Q3W schedule in 2014.

Changes to our model. Minor changes to our model (Figure 3) have been made to reflect the 3Q13 earnings update. Estimated collaboration revenue of \$1.8MM in 4Q13 through 2Q14 is now incorporated in our model. Share count estimates over the same periods have been increased to reflect the reported outstanding share count as of Sept. 30th. The net effect of these changes has been to modestly raise our EPS estimates, however, with no change to our valuation metrics.

FIGURE 1. Upcoming Milestones

Timing	Milestones
Nov 10-12	10th Spanish Portuguese Conference on Controlled Drug Delivery, Valencia, Spain
Dec 16-20	US-Japan Symposium on Drug Delivery Systems Conference, Maui, Hawaii
1H14	Presentation of BIND-014 Phase I weekly dosing regimen
1H14	Announcement of second proprietary pipeline candidate
2014	Announcement of third 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. 3Q13 Results versus JMP and Consensus Estimates

BIND Therapeutics(BIND) Abridged Income Statement (\$ MM)	3Q13 Results			
	JMP Estimate	Street Consensus	Actual	Variance (JMP vs. Actual)
Total Revenues	-	2.22	4.57	(4.57)
Operating Expenses	10.20	9.88	11.63	(1.4)
Research and development	6.40		5.35	1.1
General and administrative	3.80		6.28	(2.5)
Operating income (loss)	(10.20)	(7.67)	(7.06)	(3.1)
Other income (expense)	0.00	(0.77)	(0.10)	0.10
Pretax income (loss)	(10.20)	(8.43)	(7.38)	(2.82)
Net income (loss)	(10.20)	(8.43)	(7.38)	(2.82)
EPS Calculations				
Basic EPS	\$ (0.76)	\$ (0.77)	\$ (2.70)	\$ 1.94
Diluted EPS	\$ (0.76)	\$ (0.77)	\$ (2.70)	\$ 1.94
Basic shares outstanding	13.427		3.085	10.343
Diluted shares outstanding	13.427		3.085	10.343

Source: JMP Securities LLC and Bloomberg

FIGURE 3. Changes to Our Model

BIND Therapeutics (BIND) (\$ MM)	4Q13E		FY 2013E		1Q14E		2Q14E		3Q14E		4Q14E		FY 2014E	
	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New
Collaboration Revenue	-	1.8	4.3	10.6	-	1.8	-	1.8	5.0	5.0	11.0	11.0	16.0	19.6
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	-	1.8	4.3	10.6	-	1.8	-	1.8	5.00	5.0	11.0	11.0	16.0	19.6
COGS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Profit	-	1.80	4.27	10.63	-	1.80	-	1.80	5.00	5.00	11.00	11.00	16.00	19.60
Operating Expenses	10.7	10.7	36.9	38.4	11.4	11.4	12.1	12.1	12.9	12.9	13.9	13.9	50.3	50.3
Research and development	6.8	6.8	24.8	23.8	7.2	7.2	7.6	7.6	8.0	8.0	8.5	8.5	31.3	31.3
General and administrative	3.9	3.9	12.1	14.6	4.2	4.2	4.5	4.5	4.9	4.9	5.4	5.4	19.0	19.0
Operating income (loss)	(10.7)	(8.9)	(32.7)	(27.7)	(11.4)	(9.6)	(12.1)	(10.3)	(7.9)	(7.9)	(2.9)	(2.9)	(34.3)	(30.7)
Other income (expense)	-	-	(0.5)	(0.61)	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	(0.5)	(0.61)	-	-	-	-	-	-	-	-	-	-
Pretax income	(10.7)	(8.9)	(33.2)	(28.3)	(11.4)	(9.6)	(12.1)	(10.3)	(7.9)	(7.9)	(2.9)	(2.9)	(34.3)	(30.7)
Provision for Income Tax	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-
Net income	(10.7)	(8.9)	(33.2)	(28.3)	(11.4)	(9.6)	(12.1)	(10.3)	(7.9)	(7.9)	(2.9)	(2.9)	(34.3)	(30.7)
Basic EPS	(\$0.68)	\$ (0.56)	(\$2.09)	\$ (1.78)	\$ (0.72)	\$ (0.60)	\$ (0.76)	\$ (0.64)	\$ (0.50)	\$ (0.49)	\$ (0.17)	\$ (0.16)	\$ (1.97)	\$ (1.74)
Diluted EPS	(\$0.68)	\$ (0.56)	(\$2.09)	\$ (1.78)	\$ (0.72)	\$ (0.60)	\$ (0.76)	\$ (0.64)	\$ (0.50)	\$ (0.49)	\$ (0.17)	\$ (0.16)	\$ (1.97)	\$ (1.74)
Basic shares outstanding	15.78	16.00	15.85	16.01	15.79	16.01	15.84	16.06	15.92	16.13	17.47	17.69	17.42	17.64
Diluted shares outstanding	15.78	16.00	15.85	16.01	15.79	16.01	15.84	16.06	15.92	16.13	17.47	17.69	17.42	17.64

Source: JMP Securities LLC and Company Reports

FIGURE 4. Updated Income Statement

Income Statement (\$MM)	1Q13A	2Q13A	3Q13A	4Q13E	2013E	1Q14E	2Q13E	3Q14E	4Q14E	2014E	2015E	2016E	2017E	2018E
Product Sales and Royalties:														
BIND-014														
US Sales											-	-	95.5	168.0
ROW Royalties											-	-	-	6.8
Total Product Sales and Royalties	-	-	-	-	-	-	-	-	-	-	-	-	95.5	174.8
Collaboration Revenue	1.5	2.8	4.6	1.8	10.6	1.8	1.8	5.0	11.0	19.6	70.5	29.0	55.0	20.0
Total Revenue	1.5	2.8	4.6	1.8	10.6	1.8	1.8	5.0	11.0	19.6	70.5	29.0	150.5	194.8
Cost of Goods Sold												0.0	9.5	16.8
Gross Profit	1.5	2.8	4.6	1.8	10.6	1.8	1.8	5.0	11.0	19.6	70.5	29.0	140.9	178.0
Operating Expenses:														
Research and Development	5.7	6.0	5.3	6.8	23.8	7.2	7.6	8.0	8.5	31.3	54.8	95.9	139.0	164.0
General and administrative	2.0	2.4	6.3	3.9	14.6	4.2	4.5	4.9	5.4	19.0	24.7	37.1	64.8	97.3
Total operating expenses	7.6	8.4	11.6	10.7	38.4	11.4	12.1	12.9	13.9	50.3	79.5	132.9	203.8	261.3
Operating income (loss)	(6.1)	(5.6)	(7.1)	(8.9)	(27.7)	(9.6)	(10.3)	(7.9)	(2.9)	(30.7)	(9.0)	(103.9)	(62.9)	(83.2)
Other income (expense):														
Interest income	0.0	0.0	0.0		0.1									
Interest expense	(0.1)	(0.5)	(0.1)		(0.7)									
Total other income, net	(0.1)	(0.4)	(0.1)	0.0	(0.6)	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	(0.1)	0.0	(0.2)											
Foreign currency transaction gain (loss)	0.1	0.1	(0.0)											
Pretax income (loss)	(6.3)	(5.9)	(7.4)	(8.9)	(28.5)	(9.6)	(10.3)	(7.9)	(2.9)	(30.7)	(9.0)	(103.9)	(62.9)	(83.2)
Income tax benefit (provision)										0.0	0.0	0.0	0.0	0.0
Tax Rate										0%	0%	0%	0%	0%
Comprehensive income (loss)	(6.3)	(5.9)	(7.4)	(8.9)	(28.5)	(9.6)	(10.3)	(7.9)	(2.9)	(30.7)	(9.0)	(103.9)	(62.9)	(83.2)
Accretion of redeemable convertible preferred stock	(1.3)	(1.4)	(1.0)											
Net income (loss) attributable to common stockholders	(7.6)	(7.3)	(8.3)	(8.9)	(32.2)	(9.6)	(10.3)	(7.9)	(2.9)	(30.7)	(9.0)	(103.9)	(62.9)	(83.2)
Basic EPS to common shareholders	\$ (0.23)	\$ (0.54)	\$ (2.70)	\$ (0.56)	\$ (1.78)	\$ (0.60)	\$ (0.64)	\$ (0.49)	\$ (0.16)	\$ (1.74)	\$ (0.46)	\$ (4.90)	\$ (2.72)	\$ (3.49)
Diluted EPS to common shareholders	\$ (0.23)	\$ (0.54)	\$ (2.70)	\$ (0.56)	\$ (1.78)	\$ (0.60)	\$ (0.64)	\$ (0.49)	\$ (0.16)	\$ (1.74)	\$ (0.46)	\$ (4.90)	\$ (2.72)	\$ (3.49)
Basic shares outstanding	27.1	10.9	3.1	16.0	16.0	16.0	16.1	16.1	17.7	17.6	19.4	21.2	23.1	23.9
Diluted shares outstanding	27.1	10.9	3.1	16.0	16.0	16.0	16.1	16.1	17.7	17.6	19.4	21.2	23.1	23.9

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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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.

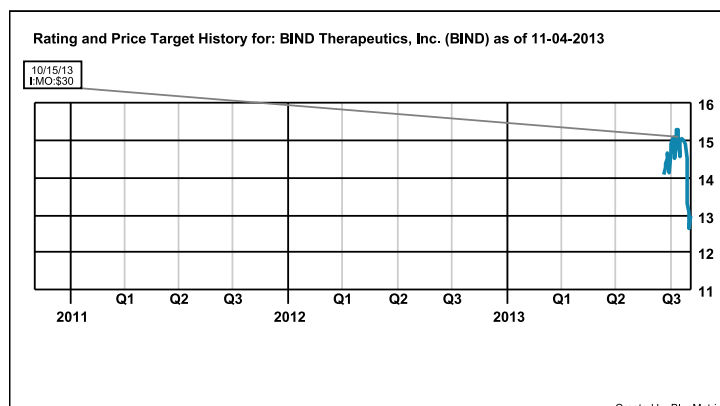
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MARKET OUTPERFORM	Buy	251	61.82%	Buy	251	61.82%	80	31.87%
MARKET PERFORM	Hold	149	36.70%	Hold	149	36.70%	23	15.44%
MARKET UNDERPERFORM	Sell	6	1.48%	Sell	6	1.48%	0	0%
TOTAL:		406	100%		406	100%	103	25.37%

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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