

bluebird bio, Inc.  
Form 10-Q  
August 07, 2015  
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-35966

bluebird bio, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware 13-3680878  
(State or Other Jurisdiction of (IRS Employer

Incorporation or Organization) Identification No.)

150 Second Street

02141

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Cambridge, Massachusetts  
(Address of Principal Executive Offices) (Zip Code)

(339) 499-9300

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of July 31, 2015, there were 36,263,621 shares of the registrant's Common Stock, par value \$0.01 per share, outstanding.

This Quarterly Report on Form 10-Q contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. We make such forward-looking statements pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q are forward-looking statements. In some cases, you can identify forward-looking statements by words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “target,” “will,” “would,” or the negative of these words or other comparable terminology. These forward-looking statements include, but are not limited to, statements about:

- the initiation, timing, progress and results of our preclinical and clinical studies, and our research and development programs;
- our ability to advance product candidates into, and successfully complete, clinical studies;
- our ability to advance our viral vector manufacturing and transduction capabilities;
- the timing or likelihood of regulatory filings and approvals;
- the commercialization of our product candidates, if approved;
- the pricing and reimbursement of our product candidates, if approved;
- the implementation of our business model, strategic plans for our business, product candidates and technology;
- the scope of protection we are able to establish and maintain for intellectual property rights covering our product candidates and technology;
- estimates of our expenses, future revenues, capital requirements and our needs for additional financing;
- the potential benefits of strategic collaboration agreements and our ability to enter into strategic arrangements;
- our ability to maintain and establish collaborations or obtain additional grant funding;
- our financial performance;
- developments relating to our competitors and our industry; and
- other risks and uncertainties, including those listed under Part II, Item 1A. Risk Factors.

Any forward-looking statements in this Quarterly Report on Form 10-Q reflect our current views with respect to future events or to our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under Part II, Item 1A. Risk Factors and elsewhere in this Quarterly Report on Form 10-Q. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

This Quarterly Report on Form 10-Q also contains estimates, projections and other information concerning our industry, our business, and the markets for certain diseases, including data regarding the estimated size of those markets, and the incidence and prevalence of certain medical conditions. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances reflected in this information. Unless otherwise expressly stated, we obtained this industry, business, market and other data from reports, research surveys, studies and similar data prepared by market research firms and other third parties, industry, medical and general publications, government data and similar sources.



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For the three and six months ended June 30, 2015

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

bluebird bio, Inc.

## Condensed Consolidated Balance Sheets

(unaudited)

(in thousands, except par value amounts)

	June 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$593,299	\$ 347,845
Marketable securities	217,208	125,710
Deferred tax assets	399	1,913
Prepaid expenses and other current assets	4,546	4,521
Total current assets	815,452	479,989
Marketable securities	125,938	18,448
Property and equipment, net	16,803	15,740
Intangible assets, net	26,337	28,219
Goodwill	13,128	13,128
Restricted cash and other non-current assets	1,511	1,215
Total assets	\$999,169	\$ 556,739
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$2,339	\$ 2,954
Accrued expenses and other current liabilities	20,024	14,649
Deferred revenue, current portion	5,670	25,375
Total current liabilities	28,033	42,978
Deferred rent, net of current portion	8,223	8,674
Deferred revenue, net of current portion	38,724	5,302
Contingent consideration, net of current portion	4,590	6,321
Deferred tax liabilities	399	1,913
Other non-current liabilities	234	294
Total liabilities	80,203	65,482
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 5,000 shares authorized;	—	—
0 shares issued and outstanding at June 30, 2015		

and December 31, 2014

Common stock, \$0.01 par value, 125,000 shares authorized;

35,958 and 32,340 shares issued and outstanding at June 30, 2015

and December 31, 2014, respectively	360	323
Additional paid-in capital	1,142,625	638,389
Accumulated other comprehensive loss	(53 )	(71 )
Accumulated deficit	(223,966 )	(147,384 )
Total stockholders' equity	918,966	491,257
Total liabilities and stockholders' equity	\$999,169	\$ 556,739

See accompanying notes to unaudited condensed consolidated financial statements.

bluebird bio, Inc.

## Condensed Consolidated Statements of Operations and Comprehensive Loss

(unaudited)

(in thousands, except per share data)

	Three months ended		Six months ended	
	June 30,	2014	June 30,	2014
	2015		2015	2014
<b>Revenue:</b>				
Collaboration revenue	\$4,940	\$6,250	\$11,284	\$12,500
Research and license fees	—	85	—	170
Total revenue	4,940	6,335	11,284	12,670
<b>Operating expenses:</b>				
Research and development	44,266	13,931	67,985	25,394
General and administrative	10,724	5,738	18,060	11,277
Change in fair value of contingent consideration	1,973	—	2,188	—
Total operating expenses	56,963	19,669	88,233	36,671
Loss from operations	(52,023)	(13,334)	(76,949)	(24,001)
Other income, net	228	11	367	69
Loss before income taxes	(51,795)	(13,323)	(76,582)	(23,932)
Benefit from income taxes	—	11,797	—	11,797
Net loss	\$(51,795)	\$(1,526)	\$(76,582)	\$(12,135)
<b>Other comprehensive loss:</b>				
Unrealized gain on available-for-sale securities, net of tax	70	—	18	—
Comprehensive loss	\$(51,725)	\$(1,526)	\$(76,564)	\$(12,135)
Net loss per share - basic and diluted:	\$(1.57)	\$(0.06)	\$(2.34)	\$(0.50)
<b>Weighted-average number of common shares used</b>				
in computing net loss per share - basic and diluted:	32,955	24,474	32,757	24,312

See accompanying notes to unaudited condensed consolidated financial statements.

bluebird bio, Inc.

## Condensed Consolidated Statements of Cash Flows

(unaudited)

(in thousands)

	Six months ended	
	June 30,	
	2015	2014
Operating activities		
Net loss	\$(76,582 )	\$(12,135 )
Adjustments to reconcile net loss to net cash		
used in operating activities:		
Non-cash benefit on release of tax valuation allowance	—	(11,797 )
Depreciation and amortization	3,509	1,017
Stock-based compensation expense	21,482	4,843
Change in fair value of contingent consideration	2,188	—
Other non-cash items	269	168
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(1,059 )	854
Accounts payable	(418 )	(2,702 )
Accrued expenses and other liabilities	1,098	7,674
Deferred revenue	13,716	(12,670 )
Deferred rent	(480 )	1,490
Net cash used in operating activities	(36,277 )	(23,258 )
Investing activities		
Restricted cash	359	—
Purchase of property and equipment	(2,568 )	(4,534 )
Acquisition of business, net of cash acquired	—	(4,673 )
Purchases of marketable securities	(261,440)	—
Proceeds from maturities of marketable securities	62,680	—
Net cash used in investing activities	(200,969)	(9,207 )
Financing activities		