

bluebird bio, Inc.  
Form 10-Q  
August 02, 2018  
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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, 2018

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.)

60 Binney Street

02142

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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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth 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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 27, 2018, there were 54,157,916 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,” “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 and drug product manufacturing capabilities;
- the timing or likelihood of regulatory filings and approvals for our product candidates;
- the timing or success of 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 and licenses;
- 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.



bluebird bio, Inc.

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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)

	As of June 30, 2018	As of December 31, 2017
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$333,949	\$ 758,505
Marketable securities	743,010	531,604
Tenant improvement receivable	19	3,112
Prepaid expenses	24,053	21,171
Receivables and other current assets	4,713	8,377
Total current assets	1,105,744	1,322,769
Marketable securities	380,284	324,193
Property, plant and equipment, net	219,226	199,606
Intangible assets, net	15,050	16,931
Goodwill	13,128	13,128
Restricted cash and other non-current assets	28,079	23,940
Total assets	\$1,761,511	\$ 1,900,567
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$17,936	\$ 12,873
Accrued expenses and other current liabilities	71,003	57,065
Deferred revenue, current portion	27,323	25,674
Total current liabilities	116,262	95,612
Deferred revenue, net of current portion	27,900	21,763
Contingent consideration	3,027	2,231
Financing lease obligation, net of current portion	154,103	154,749
Other non-current liabilities	2,685	2,780
Total liabilities	303,977	277,135
<b>Commitments and contingencies (Note 7)</b>		
<b>Stockholders' Equity:</b>		
Preferred stock, \$0.01 par value, 5,000 shares authorized; 0 shares issued and		
outstanding at June 30, 2018 and December 31, 2017	—	—

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Common stock, \$0.01 par value, 125,000 shares authorized; 50,225 and 49,406

shares issued and outstanding at June 30, 2018 and December 31, 2017,

respectively	502	494
Additional paid-in capital	2,666,729	2,540,951
Accumulated other comprehensive loss	(5,394 )	(4,205 )
Accumulated deficit	(1,204,303)	(913,808 )
Total stockholders' equity	1,457,534	1,623,432
Total liabilities and stockholders' equity	\$1,761,511	\$ 1,900,567

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)

	For the three months ended		For the six months ended	
	June 30, 2018	2017	June 30, 2018	2017
<b>Revenue:</b>				
Collaboration revenue	\$7,437	\$6,146	\$23,045	\$12,978
License and royalty revenue	414	10,570	763	10,570
Total revenues	7,851	16,716	23,808	23,548
<b>Operating expenses:</b>				
Research and development	115,014	63,891	212,123	118,919
General and administrative	41,168	21,197	76,094	41,481
Cost of license and royalty revenue	21	420	36	420
Change in fair value of contingent consideration	262	(970 )	796	463
Total operating expenses	156,465	84,538		