

Friday, November 13, 2020

VALUATION (Based on NASDAQ: IDEX)

Current Price **\$0.97 (USD)**
52 Week Range \$0.28– 3.98

Market Cap (\$-Mn) 231
Ent. Value (\$-Mn) 213
Shares Out. (Mn) 237
Short Int (% Ft) 10.5%

Daily Vol 7.1M
P/Book 3.1x
EV/ Sales 19.5
EV/EBITDA NM
P/E (CY19) NM

FUNDAMENTALS

Sales (CY20) USD \$30 Mn
Sales (CY21) Under Review
Sales (CY22) Under Review

Insider Owner 20%
Employees 60
EPS (CY20) (\$0.25)

ROIC -
Net Cash USD \$18 Mn

RELATIVE PERFORMANCE



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Ideanomics, Inc.(NASDAQ: IDEX) Definitive Agreement to Acquire Timios Holdings

Innovative Real Estate Title & Settlement Solutions Offering

- **Key takeaways:** After recording record quarterly sales for 3Q20 from MEG earlier in the week, IDEX but renewed focus on their fintech portfolio by signing a definitive agreement to acquire Timios Holdings.
 - MEG remains IDEX’s core business with sales expected to surpass \$30 million in in CY20 and ramp to ~\$100 million in CY21 (assuming 85% of sales are recorded on a principal basis).
 - Ideanomics Capital is back in focus with a differentiated technology that aims to make both commercial and residential real estate transactions close cheaper, faster and with improved confidence and transparency.
 - Our model is under review and will be updated post the closing of this transaction, but our sales and earnings expectations are expected to materially change.
- **IDEX acquires cornerstone of Ideanomics Capital – fintech back in focus.** IDEX signed a definitive stock purchase agreement to acquire 100% of Timios Holdings, a privately-owned US title and settlement solutions provider offering residential and commercial title insurance, appraisal management and closing and settlement services in 44 states and currently serves more than 280 national and regional clients. IDEX’s core synergies with Timios is around developing disruptive technologies that streamline client acquisition and product innovation which can modernize the closing process.
- **The value proposition is compelling and differentiated.** Increased pricing transparency and a marketplace for all parties in a real-estate transaction -- lender, real estate agents, and consumers alike can now collaborate with each other to bring price transparency that will reduce closing costs and encourage more transactions. Noteworthy, the real estate market is solid right now given low rates and we suspect there is pent-up demand given slow-down during COVID quarantine.
- **Timios currently has 285 employees and operations in 44 states, and has booked over \$60 million in YTD revenues, including over \$8 million in October 2020.** Given the magnitude of this transaction, which is more than doubling IDEX’s revenue and opening up business in the US more aggressively, we are pulling CY21 estimates until closing of this transaction. That said, following completion of this transaction we are expecting IDEX to be profitable as Timios generated >\$5Mn in profits in the first 9 months of CY20.
- **IDEX shares remain undervalued trading at less than 1x P/Sales (NTM).** We will be sharing an intrinsic value analysis following completion of the acquisition, but note that IDEX is now a central technology enabling streamlined acquisition of the two most expensive things most people purchase – cars and real estate.



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