Focused on the EV sector and fintech solutions, Ideanomics identifies opportunity

written by InvestorNews | November 16, 2020

The commercial electric vehicle (EV) space is starting to accelerate now, boosted by Government initiatives and favorable economics. In October 2020, there was a big announcement in China that many people missed. It was announced that China passed a plan to boost their new energy vehicle industry (NEVs are mostly comprised of EVs). The key point was: "Starting from 2021, at least 80 percent of public transportation, taxi and logistics vehicles in the national ecological civilization pilot zones in Fujian, Jiangxi, Guizhou and Hainan should be new energy vehicles." This is very big news for the Chinese commercial EV space. The Company I am discussing today is focused precisely on this area.

The global commercial vehicle market is enormous, with the new opportunity being the switch to EVs

Source

Ideanomics, Inc. (NASDAQ: IDEX) is a global fintech company for transformative industries with a goal of empowering a new economy. Ideanomics has identified a niche market in the **commercial electric vehicle (EV) segment** – helping companies with EV fleet purchases by financing and brokering deals, EV leasing, and EV charging with an initial focus on China but also expanding globally. Many fleet operators are restricted in what they can borrow on EVs as opposed to on internal combustion

engine (ICE) vehicles – hence an opportunity for Ideanomics.

Ideanomics has two key divisions:

- **Mobile Energy Global (MEG)** – Provides group purchasing discounts on commercial electric vehicles, EV batteries and electricity as well as financing and charging solutions. The main focus for now is Chinese EV fleet operators, however a recent 14.7% investment into Solectrac (California e-tractor company) shows the intention for global expansion. Another was their 2019 51% acquisition of Treeletrik, the only licensed pure-play EV manufacturer and distributor in Malaysia.
- **Ideanomics Capital** – Provides disruptive fintech solutions and services across the financial services industry. Ideanomics focuses on leveraging technology and innovation to improve efficiency, transparency, and profitability for the financial services industry. A recently announced purchase of 100% of California-based Timios Holdings Corp. (a leading title and settlement solutions provider) again shows Ideanomics is expanding globally.

Ideanomics – Driving commercial EV adoption and disruptive fintech solutions

Source

Ideanomics business model is to target new and disruptive industries such as EVs and fintech. Added to this, Ideanomics takes a long term view and aims to establish solid businesses with recurring revenues. Some examples would be regular EV fleet sales, EV charging, EV financing, real estate settlement/title services and other fintech businesses.

Ideanomics' DNA is to serve as a catalyst for change through innovation. With innovation comes the chance to drive greater efficiencies that can lead to greater revenues and ultimately profits. Ideanomics MEG division remains Ideanomics's core business, accounting for 95% of revenue in Q3, 2020. A November 10, 2020 paid broker report guides for Ideanomics revenues to be US$30M in CY20 (Q3 2020 revenue was US$10.6M) and to ramp up to about US$100M in CY22. They quote an end CY22 intrinsic value for Ideanomics of US$2.44/share.

Also of some interest is that there has been recent buyer activity from Morgan Stanley.

Ideanomics revenue is growing fast achieving US$10.6M in Q3 2020

Source

Commercial EV deliveries growing each month led by taxi and ride hailing

Source

Closing remarks

The commercial EV space is currently undergoing the first and early stages of an enormous disruption as the global fleets move towards electrification. China is leading the way and hence is where Ideanomics has their main initial focus. I would expect the trend to grow exponentially both in China and globally as operators start to understand the massive cost savings of running EV fleets versus combustion cars. Ideanomics has already expanded into Malaysia and California, USA.

Ideanomics has been traveling under the radar with many investors not yet knowing or understanding their business, leaving a potential opportunity for early investors. As the Company grows so will the recognition and revenues, and in time profits. Ideanomics trades on a current market cap of US$236M. One to follow.