



CORPORATION

NYSE: IEX

IDEX Corporation

Fundamental Analysis



The Globetrotting Investor

Ben, MBA | Value Investing

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Introduction

GICS Sector: Industrials

Sub-industry: Specialty Industrial Machinery



CEO: Eric Ashleman

Tenure: 3.9 years

IDEX Corporation's management team has an average tenure of 1.9 years. It is considered inexperienced.

Business Overview:

- IDEX Corporation, together with its subsidiaries, provides applied solutions worldwide.
- The company operates through three segments: Fluid & Metering Technologies (FMT), Health & Science Technologies (HST), and Fire & Safety/ Diversified Products (FSDP).
- The FMT segment produces pumps, valves, flow meters, and related fluid-handling modules for various industries, providing flow monitoring and related services.
- The HST segment supplies precision fluidics, pumps, drying systems, sealing solutions, hygienic mixers, valves, medical devices, and air compressors.
- The FSDP segment produces firefighting equipment, including pumps, valves, controls, rescue tools, and lifting bags.
- Visit my website to learn more.



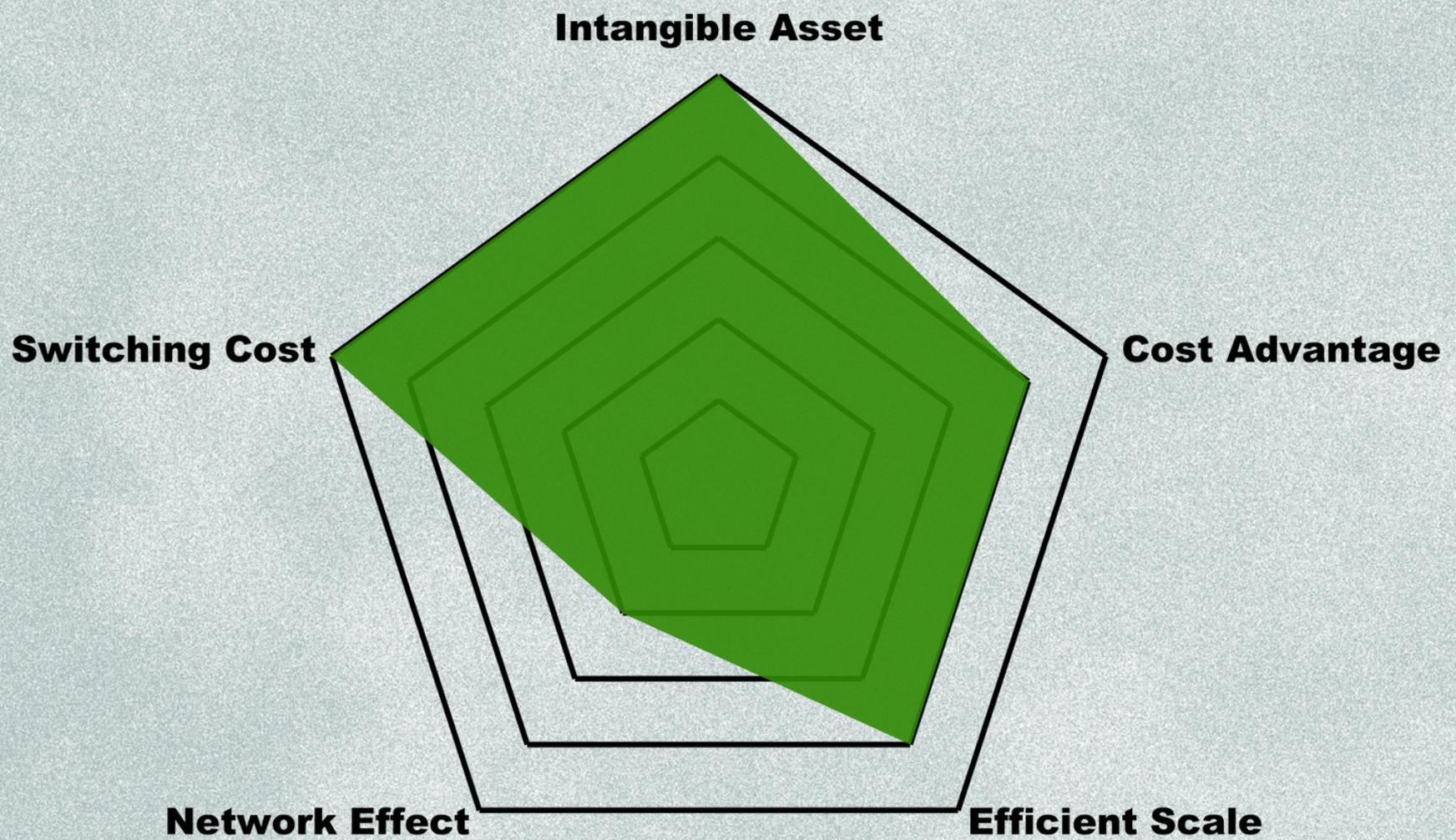
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Economic Moat



Economic moat: **Narrow**

There are many ways to identify a company's economic moat, but I focus on the above 5 types. The rating is purely subjective, and it is based on my in-depth understanding and analysis of the company.



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Performance

	Yes	Inconsistent	No
Revenue growing YoY for the past 5 years consistently?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Net income growing YoY for the past 5 years consistently?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cash flow from operating activities growing YoY for the past 5 years consistently?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Free cash flow is positive for the past 5 years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gross margin % is consistent/growing for the past 5 years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EPS growing for the past 5 years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

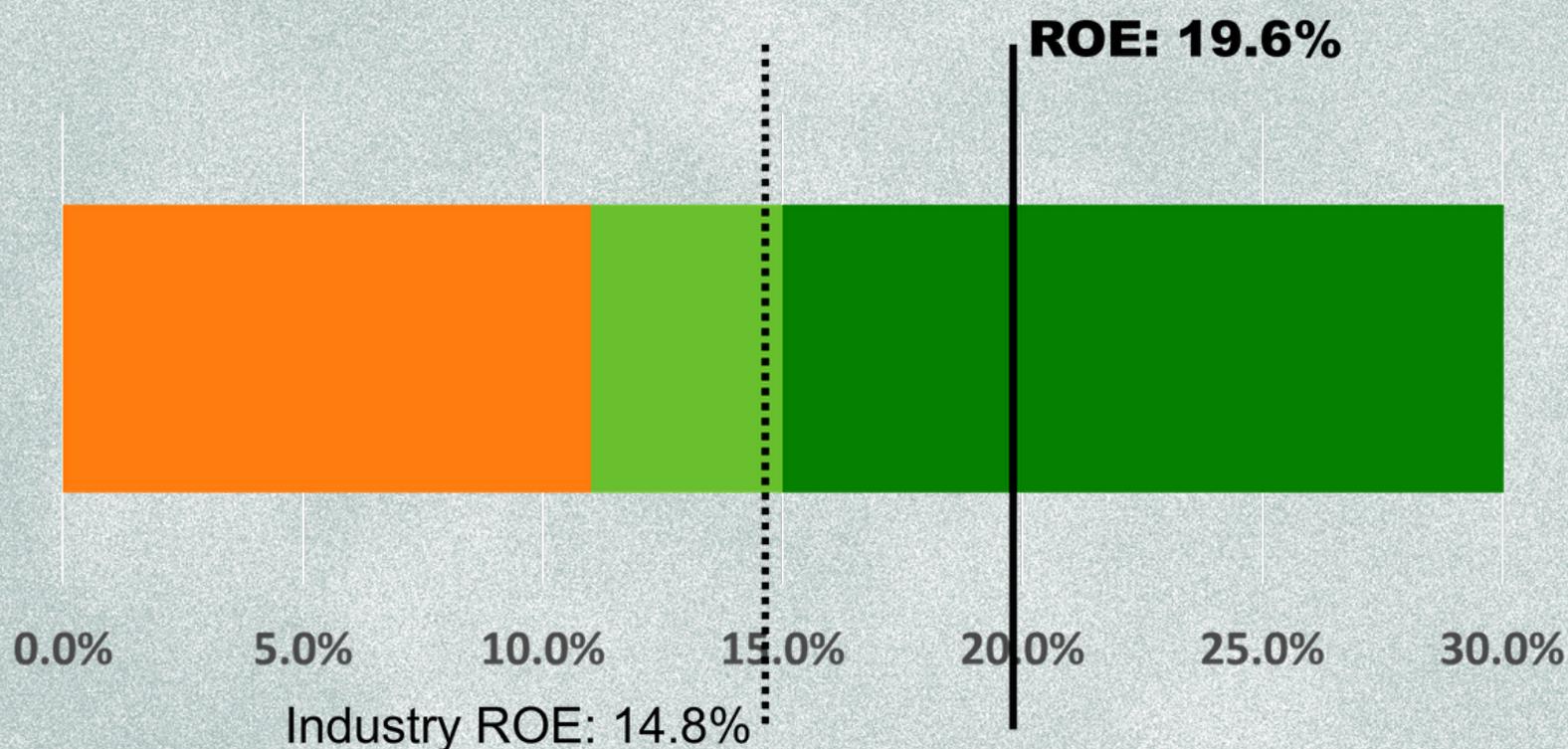




Management Effectiveness

Yes Inconsistent No

ROE is consistently at 12%-15%
YoY for the past 5 years?



ROIC is consistently at 12%-15%
YoY for the past 5 years?



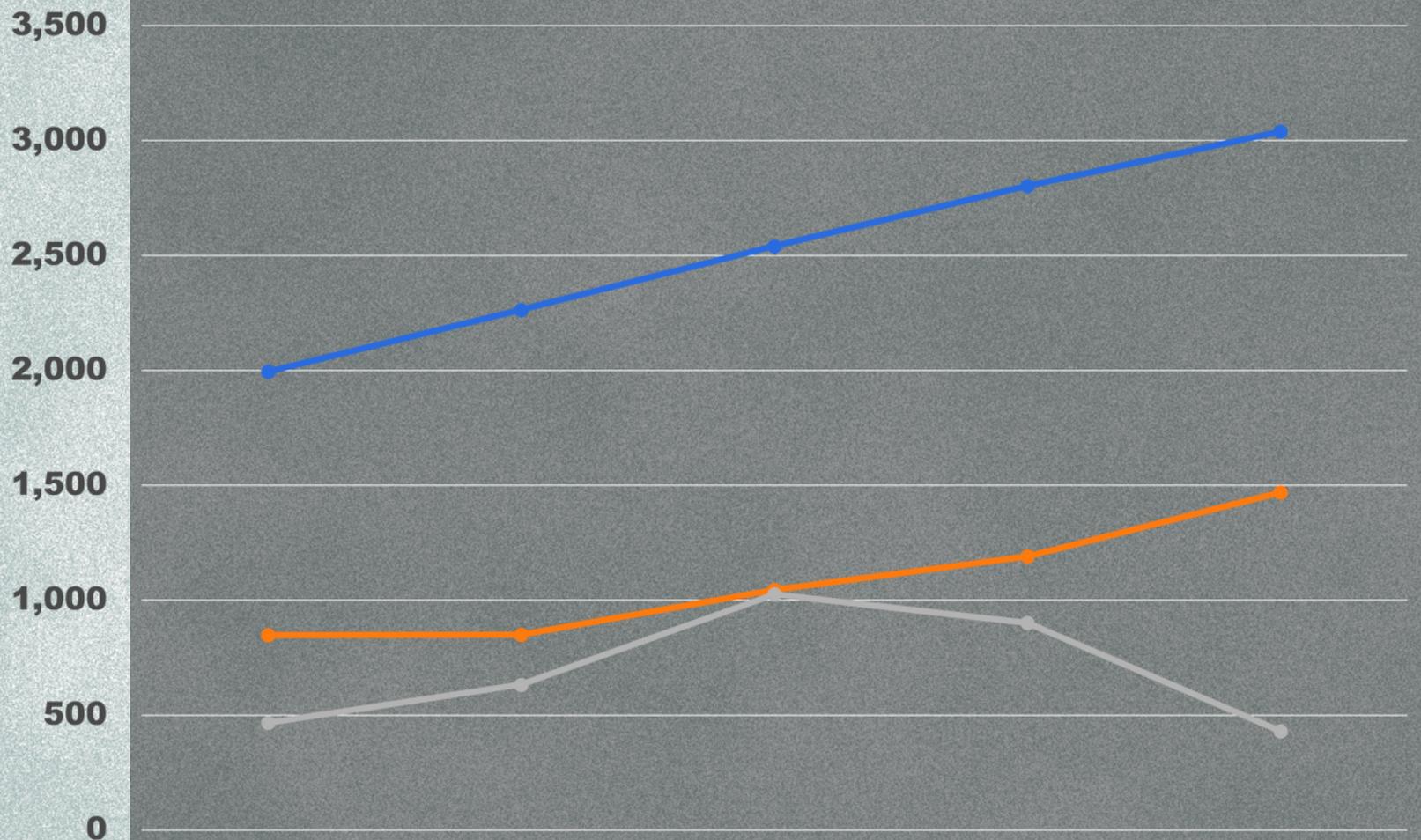
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Financial Health

USD Millions



12/31/2018 12/31/2019 12/31/2020 12/31/2021 12/31/2022
— Total Equity — Total Debt — Cash & Short Term Investments



Current Ratio: 3.1



Debt-to-EBITDA: 1.5



Interest Coverage: 14.5



Debt Servicing Ratio: 7.6%



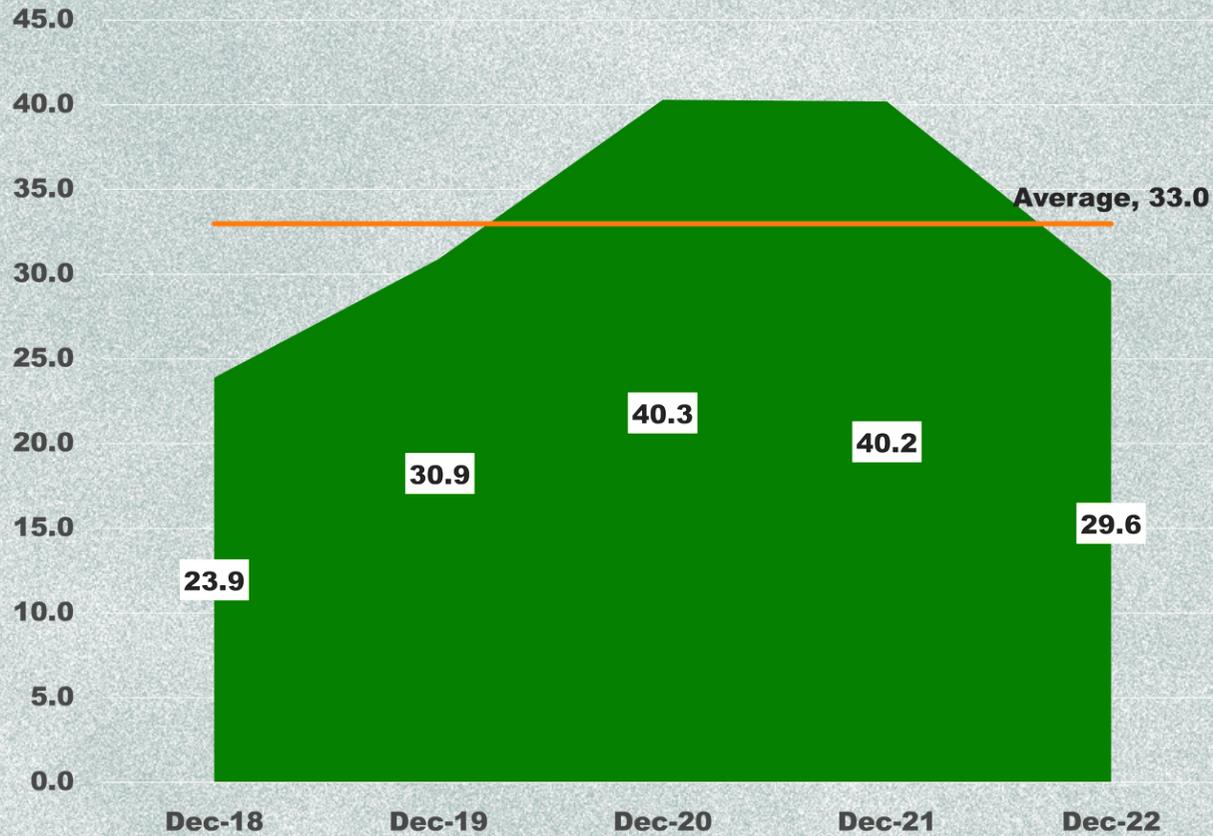
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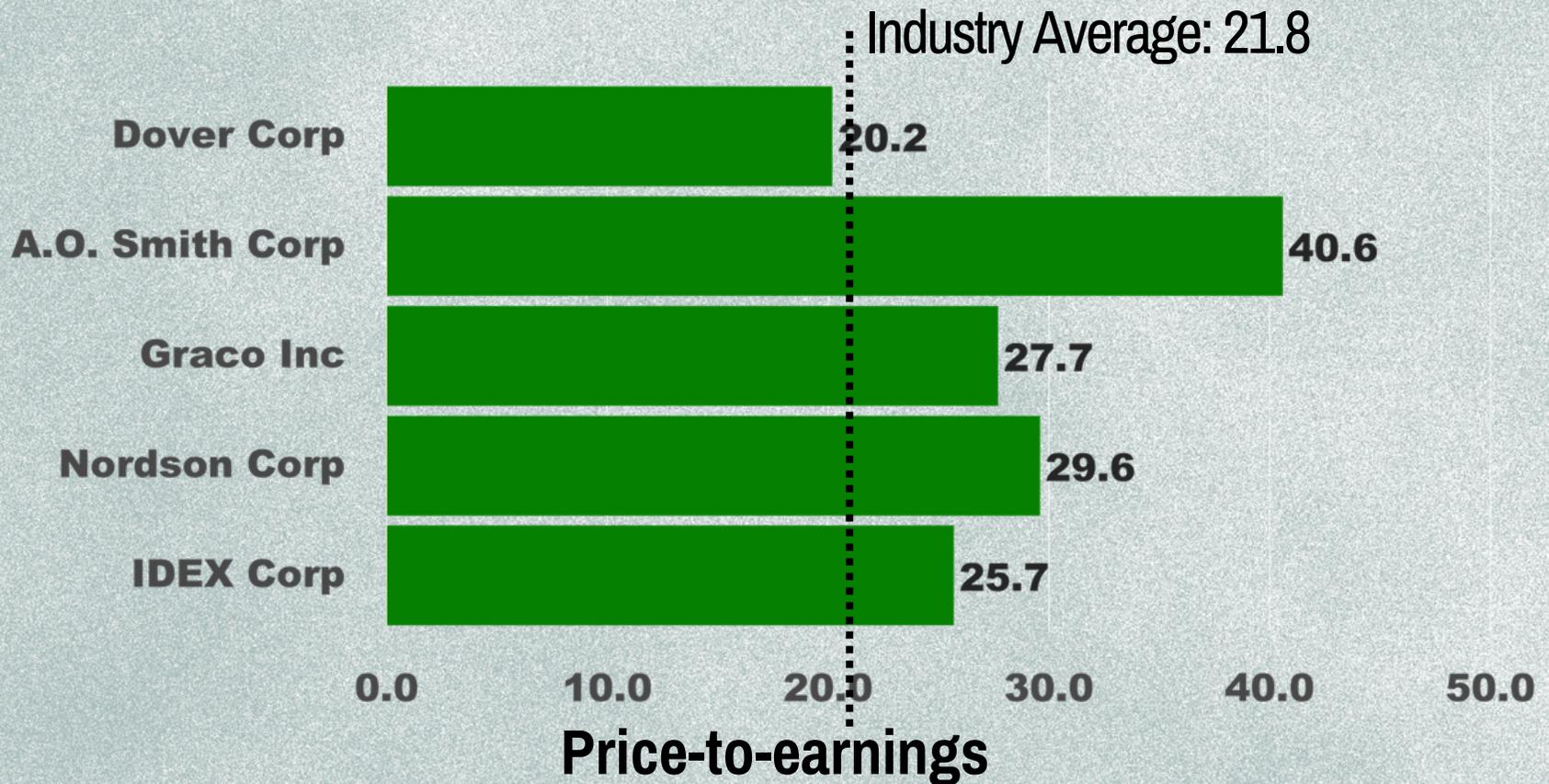
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Relative Valuation



Historical Price-to-earnings



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Intrinsic Valuation

Estimated intrinsic value: **\$127.44**

Value is calculated using discounted cash flow method (taking into account their cash and debt) and scenario planning.

Average free cash flow used: USD\$530M

Projected growth rate: 7% - 10%

Beta: 0.9

Discount rate: 7.8%

Date of calculation: 12 Jan 2024

Estimated intrinsic value of
IDEX Corporation

\$127.44 \$183.77 \$240.15
←..... 52 weeks range→



Uncertainty: Mid

30% Margin of Safety

Price range after the
margin of safety

<\$89.00

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