

# 2020 June Exchange Token Valuation Report

**June 2020**

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**Find, Create, and Spread Value in Blockchain.**

The cryptocurrency industry has experienced significant changes in the past 3 years. There were limited crypto to crypto exchanges before 2017, but we have seen a growth of the cryptocurrency exchange sector in the past 3 years, resulting in hundreds of different exchanges launched in this industry.

There are more than dozens of cryptocurrency exchanges issued platform token (exchange based token) to give back benefits to the community. Valuation in the cryptocurrency space is a difficult task where there is no industry standard nor reliable valuation methods to conduct an appropriate valuation to discover the fair value of an exchange-based token, acting as reference points for market participants to conduct a health check on the target exchange.

The proper and reliable analysis of the cryptocurrency exchange industry can provide a helicopter view of the industry. **Based on TokenInsight's data we have discovered that trading volume on exchanges is highly correlated with the market, directly affecting the revenue of a particular exchange.** We leverage both fundamental and quantitative approaches to structure the TokenInsight Exchange based token valuation framework.

For this valuation release, **we have discovered that most exchange tokens are undervalued.** This has a huge relationship with the general recovery since the Black Thursday crash. The emergence of a large number of derivatives trading products has helped many exchanges to no longer solely rely on the profits brought by the spot market.

The Bitcoin third halving has also played a critical role in supporting the market, but We believe that the impact of the halving on the market is currently limited to the market sentiment. The market still needs time to adjust and create opportunities for new entrants to experience this innovative and dynamic new financial market.

**With TokenInsight exchange token valuation framework, we can now conduct standardised analysis on exchange-based tokens to reflect the true value behind the exchange.**

Further analysis can be conducted to classify these token into a characteristics based classification system such as large, mid, small cap and value, growth.



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# Glossary

## Introduction to Valuation Metrics

Due to the nature of the cryptocurrency market, we leverage multiple metrics to provide a reference “fair price” on exchange-based token. The metrics are Discounted Cash Flow method, Price to Earnings ratio, Earnings Yield, Price/Earnings to Growth (PEG), Price to Burn ratio, Burning Yield, MarketCap/Earnings, Implied Enterprise Value, Implied Enterprise Multiple and Network to Transaction Ratio.

### Discounted Cash Flow Method

The discounted cash flow method is used to estimate the value of the exchange-based token. DCF analysis attempts to figure out the value of the token today, based on projections of how much revenue the exchange will generate in the future according to the buy & burn data released by the exchange.

## Price to Earnings

### Price to Earnings Ratio (P/E, Earnings Multiple)

The ratio for valuing an exchange based token that measures its current token price relative its per token earnings, also known as the price multiple or the earnings multiple.

The ratio is calculated as the current price (Valuation date)/ last Quarter Earnings derived from buy & burn data provided by the target exchange.

### Earnings Yield

Defined as the reciprocal of the P/E ratio, expressed as a percentage.

### Price/Earnings to Growth (PEG)

The exchange token's P/E ratio divided by the growth rate of the exchange earnings. It determines a token's value while also factoring in the company's expected earnings growth and is thought to provide a more complete picture than the P/E ratio.

## Price To Burn

### Price to Burn Ratio (P/Burn, Burning Multiple)

The ratio for valuing an exchange based token that measures its current token price relative its per token burning value, also known as the burning multiple.

The ratio is calculated as the marketcap (Valuation date) divided by \$ dedicated towards token burn derived from buy & burn data provided by the target exchange.

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For other important disclosures, refer to the disclosure section, located at the end of the report.

# Glossary

## Burning Yield

Defined as the reciprocal of the P/Burn ratio, expressed as a percentage.

## Earnings

### MarketCap/Earnings

Current floated market cap/last quarter's earnings in USD.

### Implied Enterprise Value

Diluted market cap divided by % of profit split accrued to tokens.

### Implied Enterprise Multiple

Implied Enterprise Value divided by last quarter's earnings in USD.

## Token Onchain Fundamental

### Network to Transaction Ratio

Defined as the network value (Marketcap) divided by the daily USD volume transmitted through the network or total supply divided by daily token volume transmitted through the network.

# Valuation Assumptions

- Quarterly valuation
- There are mainly 5 different categories of the growth rate assumptions,
  1. Short term supernormal growth rate (High)
  2. Short term supernormal growth rate (Low)
  3. Mid term normal growth rate
  4. Long term sustainable growth rate (High)
  5. Long term sustainable growth rate (Low)
- The average required rate of return of venture capital has been used as a proxy to be the AAA benchmark required rate of return ( $r$ ) of the exchange token in the cryptocurrency industry.
- Risk premium build-up method has been used to estimate the required rate of return of the target token based on TokenInsight exchange rating model.
- The risk premium method uses the exchange's rating rather than the exchange based token rating to reflect business operation risks.
- TokenInsight in house risk premium transition matrices has been used in this valuation model to reflect the transition risk premium of an exchange.
- Simple interest is used in the model for simplicity.
- The exchange published buy & burn data in USD has been used when available, otherwise we calculate the buy & burn figures in USD as the average price of the token in the specific period.
- The industry average figures in the comparable analysis have been bucketed based on the market capitalizations of the exchange based token.
- Above (Higher) average P/E might indicate growth token, below (low) average P/E might indicate value token.
- The current valuation framework does not consider additional benefits for holding the exchange token such as rewards, etc.
- Profit split accrued to tokens is calculated as the average fees discount rate across  $X$  years defined by the target exchange.
- All the required valuation figures are extracted from exchange official announcement pages, CoinMarketCap, Coin Metrics, Messari, Etherscan, and TokenInsight.

# Correlation Analysis

## Year to Date

	BTCUSD	ETHBTC	BNBTC	HTBTC	OKBBTC	FTTBTC	KCSBTC	LEOBTC	BMXBTC	HCBTC
BTCUSD	1									
ETHBTC	0.18	1								
BNBTC	0.19	0.66	1							
HTBTC	-0.54	0.65	0.36	1						
OKBBTC	-0.35	0.71	0.29	0.93	1					
FTTBTC	-0.78	0.18	-0.18	0.76	0.7	1				
KCSBTC	-0.72	0.09	0.19	0.53	0.33	0.44	1			
LEOBTC	-0.9	0.03	-0.22	0.68	0.59	0.92	0.61	1		
BMXBTC	0.41	0.26	0.57	-0.14	-0.13	-0.52	0.02	-0.49	1	
HCBTC	0.15	0.12	-0.51	0.07	0.26	0.29	-0.45	0.17	-0.47	1

## Q1 2020

	BTCUSD	ETHBTC	BNBTC	HTBTC	OKBBTC	FTTBTC	KCSBTC	LEOBTC	BMXBTC	HCBTC
BTCUSD	1									
ETHBTC	0.31	1								
BNBTC	0.66	0.8	1							
HTBTC	-0.42	0.67	0.29	1						
OKBBTC	-0.27	0.74	0.39	0.95	1					
FTTBTC	-0.9	0.03	-0.37	0.7	0.6	1				
KCSBTC	-0.78	0.17	-0.24	0.71	0.59	0.89	1			
LEOBTC	-0.94	-0.07	-0.44	0.61	0.5	0.97	0.88	1		
BMXBTC	0.56	0.43	0.61	-0.02	0.1	-0.41	-0.35	-0.46	1	
HCBTC	-0.66	0.35	-0.07	0.82	0.69	0.78	0.82	0.76	-0.35	1

# Correlation Analysis

## Rolling 30 Days

	BTCUSD	ETHBTC	BNBTC	HTBTC	OKBBTC	FTTBTC	KCSBTC	LEOBTC	BMXBTC	HCBTC
BTCUSD	1									
ETHBTC	-0.49	1								
BNBTC	-0.63	0.93	1							
HTBTC	-0.65	0.74	0.9	1						
OKBBTC	-0.63	0.74	0.88	0.96	1					
FTTBTC	-0.47	0.7	0.86	0.96	0.92	1				
KCSBTC	-0.71	0.66	0.67	0.48	0.48	0.34	1			
LEOBTC	-0.79	0.37	0.35	0.19	0.22	-0.03	0.78	1		
BMXBTC	-0.65	0.65	0.84	0.93	0.88	0.91	0.43	0.17	1	
HCBTC	0.11	-0.66	-0.68	-0.64	-0.57	-0.72	-0.12	0.21	-0.65	1

The majority cryptocurrencies on the market are highly correlated with bitcoin, thus we believe using fiat pairs to analyze the correlation between different cryptocurrencies is unmeaningful unless taking extra steps to investigate the change of correlation coefficient time to time to uncover industry insights.

The 3-correlation metrics demonstrate the correlation between the BTCUSD pair and the exchange token BTC pair.

In the long run, most of the exchange-based token BTC pair is still highly correlated with the BTC/USD pair, however, the correlation coefficients dropped when we look at the more recent time period (e.g. rolling 30 days correlation metric).

LEO has a strong positive correlation with most of exchange tokens during Q1 2020, but the correlation has dropped significantly in the past 30 days. The correlation of BMX has increases significantly since Q1 2020 and has changed to almost strong positive in the past 30 days with other exchange tokens.

It is worth noting that BNB, OKB, HT have a strong positive correlation with ETH.

The simple correlation analysis can be further extended to include analysis on multiple correlations to develop from multi-factor models to principal component analyze to study the market performance of the exchange-based tokens.

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Token Ticker	BNB	KCS	OKB	LEO	FTT	Growth Average	Growth Median
Platform	Binance	KuCoin	OKEx	Bitfinex	FTX	-	-
Last Exchange Rating	A	BBB	BBB	BBB	B	-	-
Last Price (2020/05/28)	US\$16.20	US\$0.99	US\$4.99	US\$1.16	US\$2.85	-	-
DCF Valuation (Target Price)	US\$21.28	US\$0.92	US\$5.67	US\$0.82	US\$3.96	-	-
Higher Bound (+5%)	US\$22.35	US\$0.96	US\$5.95	US\$0.86	US\$4.17	-	-
<b>Supply &amp; Market Cap</b>							
Floated Token (\$ Millions)	155.54	81.25	282.84	979.16	109.27	-	-
Diluted Token (\$ Millions)	183.26	171.25	300.00	979.16	345.29	-	-
% Floated	84.87%	47.45%	94.28%	100%	32%	-	-
Diluted Market Cap (\$ Millions)	2,519.69	80.11	1,411.36	1,135.83	311.41	-	-
Floated Market Cap (\$ Millions)	2,968.78	168.85	1,497.00	1,135.83	984.07	-	-
<b>Additional Reference</b>							
Comparable Estimate	US\$25.26	US\$1.264	US\$4.76	US\$0.75	US\$3.20	-	-
70% DCF + 30% Comparable	US\$22.48	US\$1.020	US\$5.40	US\$0.79	US\$3.74	-	-
<b>Price to Earnings</b>							
Price to Earnings (Floated)	13.28x	10.14x	24.19x	84.26x	17.89x	<b>29.95x</b>	<b>17.89x</b>
Price to Earnings (Diluted)	15.56x	21.37x	25.66x	84.26x	56.54x	<b>40.70x</b>	<b>25.66x</b>
PEG	37.70	51.18	136.38	1,398.15	23.40	<b>329.36</b>	<b>51.18</b>
<b>Price to Burn</b>							
Price to Burn (Floated)	66.39x	101.37x	80.65x	312.09x	54.22x	<b>122.95x</b>	<b>80.65x</b>
Price to Burn (Diluted)	78.23x	213.67x	85.54x	312.09x	171.34x	<b>172.17x</b>	<b>171.34x</b>
<b>Earnings</b>							
MarketCap/Earnings	13.28x	10.14x	24.19x	84.26x	17.89x	<b>29.95x</b>	<b>17.89x</b>
Implied Enterprise Value (\$ Millions)	13,970.73	1,688.53	7,485.00	5,241.48	2,982.04	<b>6,273.55</b>	<b>5,241.48</b>
Implied Enterprise Multiple	73.63x	213.67x	128.31x	388.85x	171.34x	<b>195.16x</b>	<b>171.34x</b>

Source: TokenInsight, \*Valuation as of May 28, 2020

Token Ticker	HT	BMX	HBC	Value Average	Value Median
Platform	Huobi	BitMart	HBTC	-	-
Last Exchange Rating	A	BB	B	-	-
Last Price (2020/05/28)	US\$4.06	US\$0.013	US\$3.80	-	-
DCF Valuation (Target Price)	US\$6.61	US\$0.022	US\$5.32	-	-
Higher Bound (+5%)	US\$6.94	US\$0.023	US\$5.59	-	-
<b>Supply &amp; Market Cap</b>					
Floated Token (\$ Millions)	232.61	171.68	10.26	-	-
Diluted Token (\$ Millions)	297.69	667.90	21.00	-	-
% Floated	78.14%	25.70%	48.84%	-	-
Diluted Market Cap (\$ Millions)	944.40	2.25	38.93	-	-
Floated Market Cap (\$ Millions)	1,208.64	8.77	79.70	-	-
<b>Additional Reference</b>					
Comparable Estimate	US\$5.70	US\$0.030	US\$2.73	-	-
70% DCF + 30% Comparable	US\$6.33	US\$0.024	US\$4.54	-	-
<b>Price to Earnings</b>					
Price to Earnings (Floated)	4.75x	2.22x	12.54x	<b>6.50x</b>	<b>4.75x</b>
Price to Earnings (Diluted)	6.08x	8.64x	25.67x	<b>14.84x</b>	<b>10.22x</b>
PEG	4.53	16.15	23.56	<b>14.74</b>	<b>16.15</b>
<b>Price to Burn</b>					
Price to Burn (Floated)	23.77x	11.11x	12.54x	<b>15.80x</b>	<b>12.54x</b>
Price to Burn (Diluted)	30.42x	43.21x	25.67x	<b>39.99x</b>	<b>43.21x</b>
<b>Earnings</b>					
MarketCap/Earnings	4.75x	2.22x	12.54x	<b>6.50x</b>	<b>4.75x</b>
Implied Enterprise Value (\$ Millions)	6,043.21	43.86	398.52	<b>3,530.79</b>	<b>398.52</b>
Implied Enterprise Multiple	30.42x	43.21x	128.36x	<b>74.22x</b>	<b>51.09</b>

Source: TokenInsight, \*Valuation as of May 28, 2020

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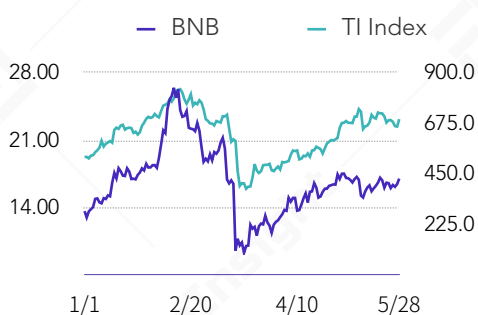
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### BNB Token

Binance Crypto Exchange

Exchange Rating	A
Last Price	US\$16.20
DCF Valuation (Target Price)	US\$21.28
Higher Bound (+5%)	US\$22.35
Floated Token (\$ Millions)	155.54
Diluted Token (\$ Millions)	183.26
% Floated	0.85
Floated Market Cap (\$ Millions)	2519.69
Diluted Market Cap (\$ Millions)	2968.78
Comparable Estimate	US\$25.26
70% DCF + 30% Comparable	US\$22.48
Price to Earnings (Floated)	13.28x
Price to Earnings (Diluted)	15.56x
PEG	37.70
Price to Burn (Floated)	66.39x
Price to Burn (Diluted)	78.23x
MktCap/Earnings	13.28x
Implied Enterprise Value (\$ Millions)	13970.73
Implied Enterprise Multiple	73.63x



#### Risks

- Weaker connections in mainland China resulting a slower than expected growth of the mainland China market.
- Market dynamic shifts in favour of newly established exchanges.

## Binance Coin (BNB)

### Binance Continues its Journey To Expand the Market Globally

Exchange Rating	Valuation	Price Target
A	Undervalued	\$20.22-\$22.35

We see reasonable growth of the spot market and significantly stronger growth of the derivatives market. **Binance as a strong market contender in the cryptocurrency exchange has acquired significant market power globally with growing traction in mainland China.** Binance's growth can be heavily influenced by the market cycle, however, we have seen Binance initiated diversification strategies to include derivatives trading, white-label offering, OTC, fiat on/off ramp offerings, etc.

#### Comparable Analysis

The analysis demonstrates that Binance Coin is **overall undervalued**. P/E, P/Burn, Implied enterprise multiple are under growth average, indicating the market misprices of Binance Coin resulting an undervalue of the BNB from its fair price.

#### Bull Case (>\$22.48)

**Binance sustains its spot market growth in the industry with stronger growth of the derivatives trading market.** The brand recognition results in a strong market power in the industry combined with the white label product-sale Binance Cloud, creating a network effect which translates to a strong platform stickiness

The success of the application of Singapore's operation license supports its regulatory compliance requirements and further expand its user base to effectively provide regulatory compliant channels in onboarding users.

#### Average Case (~\$21.28)

**The market dynamic shifts from the spot to the derivatives market. We see Binance as a moderate contender in the market as for now.**

Its 150X derivatives leverage product attract significant portions of experienced traders to exploit market opportunities, combined with lending products to generate higher revenue growth from these service segments.

Its recent trading performance issues have very limited impact on its future business and the fiat on/off ramp channels gain market tractions coupled with strong market interests on its lending products, creating a comprehensive Binance ecosystem from fiat onboarding, spot & derivatives trading and lending products.

#### Conservative Case (~\$20.22)

**Conservative growth of the Binance spot market coupled with moderate growth of the derivatives market, backed by the growth of Binance Futures, Binance JEX, Binance Jersey and Binance DEX.**

With reasonable sales of Binance Cloud SaaS products to diversify Binance revenue stream, we see its revenue growth in a moderate sustainable way to drive the industry forward. Its lending products generate higher revenue to support its business.

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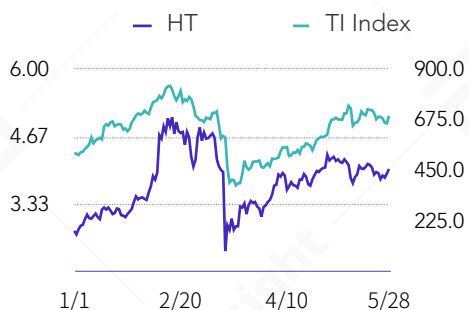
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**Huobi Token**

Huobi Global Crypto Exchange

Exchange Rating	A
Last Price	US\$4.06
DCF Valuation (Target Price)	US\$6.61
Higher Bound (+5%)	US\$6.94
Floated Token (\$ Millions)	232.61
Diluted Token (\$ Millions)	297.69
% Floated	0.78
Floated Market Cap (\$ Millions)	944.40
Diluted Market Cap (\$ Millions)	1,208.64
Comparable Estimate	US\$5.70
70% DCF + 30% Comparable	US\$6.33
Price to Earnings (Floated)	4.75x
Price to Earnings (Diluted)	6.08x
PEG	4.53
Price to Burn (Floated)	23.77x
Price to Burn (Diluted)	30.42x
MktCap/Earnings	4.75x
Implied Enterprise Value (\$ Millions)	6,043.21
Implied Enterprise Multiple	30.42x



**Risks**

- Strong government connections resulting in trust issues in the western market.
- Imbalanced globalisation strategies slow the growth of the business.

1. <https://www.bloomberg.com/news/articles/2020-01-28/the-crypto-mogul-who-s-got-the-ear-of-china-s-central-bank>

**Huobi Token (HT)**

**Huobi Maintains its Strong Position in the Chinese Market, and Actively Expanding Globally**

Exchange Rating	Valuation	Price Target
A	Undervalued	\$6.28-\$6.94

Huobi recently updated its buy and burn schedule from quarterly to monthly, creating a more timely structure to release information to the market and improving the transparency of the HT buy&burn plan, supporting the HT's holders' confidence. **Huobi enjoys unusual access to China's central bank and government official thanks to the methodical engagement and measured expansion.** This creates unprecedented opportunities for Huobi at least in the greater China region, directly supporting its strong position in greater China.

**Comparable Analysis**

**The P/E, Implied Enterprise Multiple are lower than the value token average, whereas P/Burn is slightly higher,** consistently reflecting Huobi token is undervalued at the current market condition.

**Bull Case (~\$6.61)**

**Huobi successfully pushes its market expansion plans in key regions globally and maintain its strong brand recognition in greater China,** adding diversification and additional revenue streams to the group. The continuation of development from Huobi China with the key stakeholders in China creates direct opportunities for Huobi group as a whole and indirectly impacting Huobi Global's (trading platform) revenue stream.

**Average Case (~\$6.28)**

**The moderate success of globalisation strategies provides Huobi with a steady income and reasonable diversification benefits.**

Huobi's deliverable futures contract recognised by the market, especially in the greater China region. The success of isolated margin trading method meets the demands of the market, creating an influx of the users to the Huobi trading platform.

**Conservative Case (~\$6.10)**

**Huobi grows at the industry average, and maintains its market position in the cryptocurrency exchange industry.** Its relationship with the key stakeholders in China resulting in strong support to the exchange business, limiting the business downside risks.

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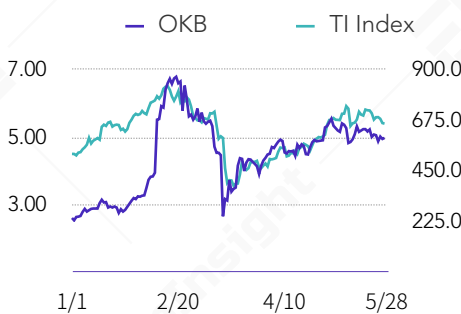
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**OKEx Token**

OKEx Crypto Exchange

Exchange Rating	BBB
Last Price	US\$4.99
DCF Valuation (Target Price)	US\$5.67
Higher Bound (+5%)	US\$5.95
Floated Token (\$ Millions)	282.84
Diluted Token (\$ Millions)	300.00
% Floated	0.94
Floated Market Cap (\$ Millions)	1411.36
Diluted Market Cap (\$ Millions)	1,497
Comparable Estimate	US\$4.76
70% DCF + 30% Comparable	US\$5.40
Price to Earnings (Floated)	24.19x
Price to Earnings (Diluted)	25.66x
PEG	136.38
Price to Burn (Floated)	80.65x
Price to Burn (Diluted)	85.54x
MktCap/Earnings	24.19x
Implied Enterprise Value (\$ Millions)	7485.00
Implied Enterprise Multiple	128.31x



**Risks**

- OTC regulatory risks slow the growth of OKEx.
- Listed low quality coins losing market interest.

**OKEx Token (OKB)**

OKEx Leads the Market To Burn Uncirculated Token Supply to Further Deflate the Exchange Token Market.

Exchange Rating	Valuation	Price Target
<b>BBB</b>	<b>Undervalued</b>	<b>\$5.39-\$5.95</b>

The recent major structural change of OKB’s total supply- destroy of 700 million uncirculated OKB has a long-lasting effect to both OKEx’s short and long term value.

In the past, OKEx consistently grips its derivatives market position to advance the cryptocurrency financial market. The near future launch of OKEx DEX and the consistent growth of the derivatives platform offer OKEx a unique edge in the market.

**Comparable Analysis**

The P/Burn, Implied Enterprise Multiple reflects **that OKB is undervalued** when benchmarking against the growth token average and median. Overall, the comparable analysis demonstrates that OKB token is undervalued when benchmarking against the industry average and median.

**Bull Case (>\$5.95)**

**OKEx sustains its spot market growth in the industry and experiences a stronger growth of the derivatives trading market,** coupled with a strong market interest on OKChain. The market recognises its burn of 700 million uncirculated supply and sustains the OKB’s price actions in the long term. OKB maintains positive secondary market performance since the Black Thursday market crash.

The integration of DAI and DAI saving rate creates unique products for the DeFi users and connecting the centralised exchange offerings to the decentralised finance world.

**Average Case (~\$5.67)**

OKEx experiences a sustainable growth of its spot market and a moderate growth of the derivatives trading market, coupled with a strong market interest on OKChain.

**Conservative Case (~\$5.39)**

OKEx maintains its current position in the market with industry average growth. The launch of DEX mainnet and the burn of uncirculated supply have a moderate impact on OKB’s mid-long term price.



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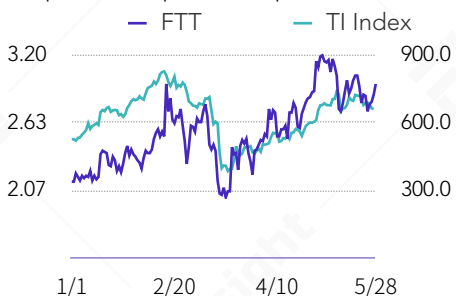
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**FTX Token**

FTX Crypto Exchange

Exchange Rating	B
Last Price	US\$2.85
DCF Valuation (Target Price)	US\$3.98
Higher Bound (+5%)	US\$4.17
Floated Token (\$ Millions)	109.27
Diluted Token (\$ Millions)	345.29
% Floated	0.32
Floated Market Cap (\$ Millions)	311.41
Diluted Market Cap (\$ Millions)	984.07
Comparable Estimate	US\$3.20
70% DCF + 30% Comparable	US\$3.74
Price to Earnings (Floated)	17.89x
Price to Earnings (Diluted)	56.54x
PEG	23.40
Price to Burn (Floated)	54.22x
Price to Burn (Diluted)	171.34x
MktCap/Earnings	17.89x
Implied Enterprise Value (\$ Millions)	2,982.04
Implied Enterprise Multiple	171.34x



**Risks**

- Contract index pricing is still vulnerable to flash crash issues
- FTX as a trading platform is still in its early stage, team stability and synergy still need to be tested by the market
- The valuation did not consider any potential effect of FTX equity token which was announced on 2020/02/25.

**FTX Token (FTT)**

**FTX on the Path To Become a Strong Contender in the Derivatives Market**

Exchange Rating	Valuation	Price Target
<b>B</b>	<b>Undervalued</b>	<b>\$3.78-\$4.17</b>

We see more upside than downside risk to the growth of the derivatives market. Even if the overall market growth slows, **the derivatives market can certainly pick up the pace and directly supporting the growth of the FTX derivatives exchange.**

**Comparable Analysis**

The comparable analysis demonstrates that FTX Token is **undervalued** when benchmarking against the growth token average. The market perceives a significant growth of the FTX platform in the near future which reflected in the premium valuation of P/E ratio, in another word, the market participants demand a market premium in order to sell their FTX Token which reflecting a positive market sentiment on the FTX exchange in general.

**Bull Case (>\$3.98)**

**FTX sustains its strong growth in the early stage alongside with strong growth of the derivatives market.** The majority of growth comes from FTX's derivatives exchange's platform fundamental, and recognition of its innovative products such as leveraged token trading products, US presidential elections future contract, Bitcoin hashrate contract etc. These products can directly translate to stronger growth of its user base, visits and branding exposure, resulting in an upgrade of FTX derivatives exchange's rating of 1 notch.

**Average Case (~\$3.74)**

**With rapid trading products release to the market, and industry recognition of its branding and services,** We see FTX derivatives exchange as a strong contender to other derivatives exchanges but on very different aspects. The derivatives exchanges are consists of indirect competitors which they each offer some unique products to the market. The differentiated strategies enable the derivatives exchanges to grow at an unprecedented pace.

**Conservative Case (~\$3.20)**

**Conservative growth of the FTX derivatives exchange platform coupled with reasonable growth of the derivatives market.** FTX continues to invest its resources to improve site stability, operations efficiency, branding exposure, driving slower but sustainable growth in the early stage's operations.

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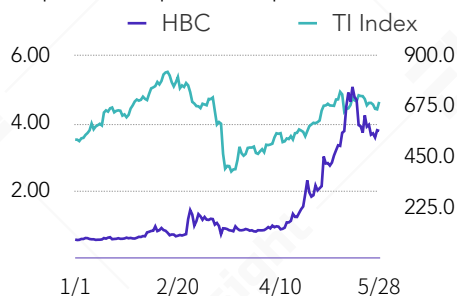
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**HBTC Captain Token**

HBTC Crypto Exchange

Exchange Rating	B
Last Price	US\$3.80
DCF Valuation (Target Price)	US\$5.32
Higher Bound (+5%)	US\$5.59
Floated Token (\$ Millions)	10.26
Diluted Token (\$ Millions)	21.00
% Floated	0.49
Floated Market Cap (\$ Millions)	38.93
Diluted Market Cap (\$ Millions)	79.70
Comparable Estimate	US\$2.73
70% DCF + 30% Comparable	US\$4.54
Price to Earnings (Floated)	12.54x
Price to Earnings (Diluted)	25.67x
PEG	23.56
Price to Burn (Floated)	12.54x
Price to Burn (Diluted)	25.67x
MktCap/Earnings	12.54x
Implied Enterprise Value (\$ Millions)	398.52
Implied Enterprise Multiple	128.36x



**Risks**

- The rebrand can cause a temporary impact on its business
- HBC valuation is estimated based on the original BHEX exchange token-BHT.
- A limited operating time which needs continuous observation and market test.

**HBTC Captain Token (HBC)**

HBTC's Rebrand and the Continuous Development To Meet its Client Needs Will Enhance User Loyalty.

Exchange Rating	Valuation	Price Target
<b>B</b>	<b>Undervalued</b>	<b>\$5.06-\$5.59</b>

**HBTC Hobbit Exchange, formerly known as BHEX Exchange, has ample liquidity and market depth.** With the completion of rebrand and the improvement of the underlying trading technology, HBTC may become a strong contender in the cryptocurrency derivatives market.

**Comparable Analysis**

**When benchmarking against the value token average, HBC is currently undervalued, which is reflected in the premium valuation of P/E.**

**Bull Case (>\$5.32)**

**The HBTC ecosystem includes the HBTC Hobbit Exchange, HBTC white label brokers, and the HBTC public chain. HBTC white label brokers help partners in the industry to start the exchange business at zero cost.**

HBTC Chain assists in the transparency of exchange assets and expands the third-party public chain application ecosystem through decentralized cross-chain custody technology.

The 10 times P/E pricing repurchase model of the HBTC Hobbit Exchange effectively feeds back to the secondary market and solves the drawbacks of continuous repurchase and destruction caused by the widely adopted buy&burn model.

We believe that the rebrand and the continuous development to meet its client needs will cultivate high-quality user stickiness for HBTC, therefor enhancing user loyalty.

**Average Case (~\$5.06)**

**HBTC Hobbit Exchange integrates the cloud trading system into its entire ecosystem,** comprehensively broadens the scope of applications, making it an important medium for ecosystem development.

Its openness, flexibility, and high performance can comprehensively improve the digital asset transaction infrastructure and built a full-service product capability from the underlying technology of cryptocurrency transactions to the upper application layer.

**Conservative Case (~\$4.54)**

**HBTC provides 100% exchange reserve proof, 100% exchange income proof and release of financial statements to ensure the safety of user assets, enhance the credibility of exchange income, and bring trust to the industry.**

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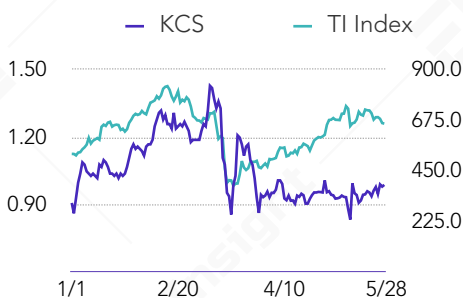
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**KuCoin Shares**

KuCoin Crypto Exchange

Exchange Rating	BBB
Last Price	US\$0.986
DCF Valuation (Target Price)	US\$0.915
Higher Bound (+5%)	US\$0.960
Floated Token (\$ Millions)	81.25
Diluted Token (\$ Millions)	171.25
% Floated	0.47
Floated Market Cap (\$ Millions)	80.11
Diluted Market Cap (\$ Millions)	168.85
Comparable Estimate	US\$1.264
70% DCF + 30% Comparable	US\$1.020
Price to Earnings (Floated)	10.14x
Price to Earnings (Diluted)	21.37x
PEG	51.18
Price to Burn (Floated)	101.37x
Price to Burn (Diluted)	213.67x
MktCap/Earnings	10.14x
Implied Enterprise Value (\$ Millions)	1688.53
Implied Enterprise Multiple	213.67x



**Risks**

- Low liquidity and limited fiat on boarding channels can limit the growth of Kucoin.
- Access difficulties during an active market can result losing user base

**KuCoin Shares (KCS)**

KuCoin Exchange Works To Become “the People’s Exchange”, Ranks the Top 1 on Globalization Deployment.

Exchange Rating	Valuation	Price Target
<b>BBB</b>	<b>Overvalued</b>	<b>\$0.87-\$1.02</b>

**KuCoin is committed to offering education for clients to create a better investment environment for investors.** Its cooperation with NewsCrypto aims to enhance cryptocurrency knowledge, improve users' risk awareness, and help investors make wise decisions. At the same time, KuCoin and blockchain institutions collaborate to create a cryptocurrency world credit System, its contract platform KuMEX supports platform transaction review, and strictly prevents market manipulation.

**Comparable Analysis**

**All of the key metrics in the comparable analysis framework reflects high growth rate. Relatively higher than average** metrics could possibly due to the higher than average growth rate of the KuCoin exchange trading platform, especially the introduction of KuMex, KuCloud, etc could resulting in a higher growth rate of the business.

**Bull Case (>\$1.02)**

**KuCoin Exchange consistently moving fast to release new product offerings.** KuMEX launched USDT perpetual contract, which attracted fierce significant market traction. The Pool-X exchange, which was incubated by KuCoin constantly launching new products and improving services to help KuCoin expand its brand exposure and divert traffic. Due to the frequent occurrence of security incidents, KuCoin has cooperated with Nord Insurance to start offer protection on users' funds, which may enhance investor confidence and support the growth of the platform.

**Average Case (~\$0.96)**

KuCoin Exchange announced the release of KuCoin Instant Exchange function on February 26, 2020. The Instant Exchange supports large trade with no trading fees and provides faster and cheaper trading experience. The new function will attract people who want to trade in large volume choose KuCoin as one of their priorities.

**Conservative Case (~\$0.915)**

KuCoin Exchange serves 5 million users from 207 countries. It sustains its influence globally, and growth rate stabilises at a certain level.



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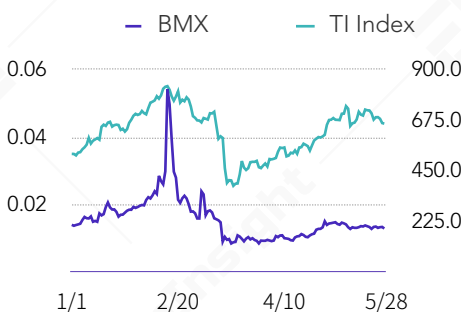
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**BitMart Token**

BitMart Crypto Exchange

Exchange Rating	BB
Last Price	US\$0.013
DCF Valuation (Target Price)	US\$0.022
Higher Bound (+5%)	US\$0.023
Floated Token (\$ Millions)	171.68
Diluted Token (\$ Millions)	667.90
% Floated	0.26
Floated Market Cap (\$ Millions)	2.25
Diluted Market Cap (\$ Millions)	8.77
Comparable Estimate	US\$0.030
70% DCF + 30% Comparable	US\$0.024
Price to Earnings (Floated)	2.22x
Price to Earnings (Diluted)	8.64x
PEG	16.15
Price to Burn (Floated)	11.11x
Price to Burn (Diluted)	43.21x
MktCap/Earnings	2.22x
Implied Enterprise Value (\$ Millions)	43.86
Implied Enterprise Multiple	43.21x



**Risks**

- Small cap business could experience larger volatility in the exchange's earnings.
- BitMart is a young exchange needs more time to test its operation

**BitMart Token (BMX)**

BitMart Features for its Security and Stability, Sufficient Liquidity and With High User-Friendly System.

Exchange Rating	Valuation	Price Target
<b>BB</b>	<b>Undervalued</b>	<b>~\$0.021-\$0.023</b>

**BitMart is committed to providing a compliant, safe, and convenient cryptocurrency trading environment.** It continues to optimize platform security, strengthen the development of the ecosystem, and provide a solid foundation for future expansion. BitMart's cooperation with Canaan Creative and Future Mine in 2020 will introduce them to significant mining industry connections and adding value to the exchange business.

**Comparable Analysis**

**The P/E, P/Burn, and Implied Enterprise Multiple metrics are lower than the value token industry average,** reflecting BMX is relatively undervalued. Combining the result from the DCF analysis, overall reflecting BMX is undervalued.

**Bull Case (~\$0.024)**

BitMart partnered with many industry players recently. **BitMart focuses on the improvement of network security and decentralization, will continue to expand the ecosystem in 2020.** Following the security strategic cooperation between Beosin and CertiK in 2018 and 2019, BitMart's recent interactions with CasperLabs further enhance its security. In terms of liquidity, the establishment of OTC channels and fiat gateway has lowered the barrier to entry for investors without bank accounts. Enhanced liquidity will directly bring benefits to BitMart.

**Average Case (~\$0.023)**

BitMart continues its journey to attract users in 2020 and frequently hold online events such as trading competitions. In May, BitMart launched its contract VVIP user plan, which aims to enhance user stickiness and promote its products and services. We believe as BitMart continues its operations combined with sufficient user growths, the BitMart Token will also start to reflect its value.

**Conservative Case (~0.022)**

As stated in the "Repurchase Mechanism" in BitMart's white paper, BitMart used 20% of the income earned from trading fees to repurchase and burn certain number of BMX to maintain the development of BitMart.

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**UNUS SED LEO**

Bitfinex Crypto Exchange

Exchange Rating

Last Price US\$1.160

DCF Valuation (Target Price) US\$0.815

Higher Bound (+5%) US\$0.860

Floated Token (\$ Millions) 979.16

Diluted Token (\$ Millions) 979.16

% Floated 1.00

Floated Market Cap (\$ Millions) 1,135.83

Diluted Market Cap (\$ Millions) 1,135.83

Comparable Estimate US\$0.748

70% DCF + 30% Comparable US\$0.790

Price to Earnings (Floated) 84.26x

Price to Earnings (Diluted) 84.26x

PEG 1,398.15

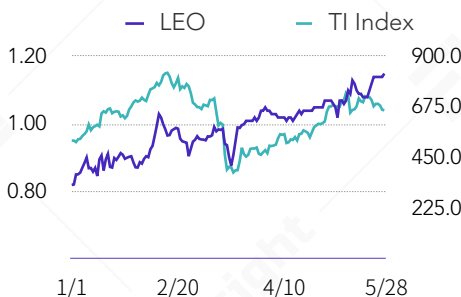
Price to Burn (Floated) 312.09x

Price to Burn (Diluted) 312.09x

MktCap/Earnings 84.26x

Implied Enterprise Value (\$ Millions) 5,241.48

Implied Enterprise Multiple 388.85x



**Risks**

- Bitfinex hack and its operation issue with the crypto capital was one of the most serious incidents since the Mt.Gox in 2014.
- Bitfinex and stablecoin USDT issuer Tether, have been accused of market manipulation which presents significant = regulatory risks.

**UNUS SED LEO (LEO)**

Bitfinex Maintains the Strong Position in the Cryptocurrency Exchange Sector, Continue Improving Transparency

Exchange Rating	Valuation	Price Target
<b>BBB</b>	<b>Overvalued</b>	<b>\$0.74-\$0.86</b>

As one of the most established exchanges in the industry, Bitfinex, after experiencing security incidents in 2015 and 2016, released its platform token- LEO in order to support its growth and generate innovation in the industry.

**Comparable Analysis**

All the key indicators in the comparative analysis framework are much higher than the growth token industry average, reflecting that LEO is overvalued.

**Bull Case (>\$0.815)**

**Bitfinex's LEO raised \$1 billion in a private placement within ten days of its launch, proving its strong market recognition and maintaining its market position in the cryptocurrency industry.**

Fulgur Alpha, a cryptocurrency hedge fund worth US\$280 million, launched in partnership with digital asset custody agency Koine to launch institutional-level custody and post-trade services. Further expanded its institutional-level service capabilities to help professional traders mitigate counter-party risks and settlement risks related to cryptocurrency transactions.

**Average Case (~\$0.79)**

Bitfinex's innovative business is recognized by the global market. Bitfinex has announced the start of providing Staking services, and will also launch new products and derivatives related to "P2P margin trading and lending". In the future, Bitfinex can become a cryptocurrency trading platform that provides spot, derivatives, margin trading, and prediction markets.

**Conservative Case (~\$0.74)**

**After nearly two years of gap, Bitfinex relaunched its innovative recommendation program.** Different from other exchanges, Bitfinex's social media membership program allows users to earn commissions by referring to the exchange. In addition, Bitfinex gains significant support in the Asia-Pacific region and is working hard to build a community in the region.

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