

**Doma eyes title agency acquisitions, vertical expansion following SPAC merger — CEO**

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**Doma**, a real estate technology company, expects to target select title agencies across the US and could consider acquisitions to launch into adjacent verticals, said CEO Max Simkoff.

The San Francisco-based company, formerly known as States Title, expects to target medium-scale agencies with topline revenue of about USD 50m and around a 10% EBITDA margin, Simkoff said.

Doma has made one acquisition before, purchasing North American Title Group's underwriting and the majority of its local business back in 2019, and it expects to ramp up the strategy following its merger with special purpose acquisition company (SPAC) **Capitol Investment V** [NYSE:CAP]. Doma will have a significant amount of additional capital on its balance sheet — it closed a USD 300m public investment in private equity (PIPE) as part of the deal — and it is in a market with many potential targets, Simkoff said.

The company is geographically agnostic regarding its title agency search and is more interested in where opportunities present themselves at the right price and scale, the CEO said. It expects to look at purchase agency opportunities more so than refinance given the momentum it has demonstrated in strategic accounts, he added.

Doma uses machine intelligence and patented technology to make real estate closings simpler and more efficient. It has offerings in title, escrow and close, and Simkoff spoke in a recent earnings call of plans to expand into the immediate market adjacencies of appraisal and home warranty.

While it is possible the company could acquire to launch into those markets, it is "too early to tell", Simkoff said. Doma has no plans to acquire in either adjacency yet and would look at deals opportunistically right now, he added.

The USD 8bn appraisal ecosystem is top of mind, Simkoff said, noting that there are potentially interesting companies in that space that could become targets.

Doma posted a 101% year-over-year increase in adjusted gross profit in 2020 to USD 29m, according to recent filings. It expects USD 89m in adjusted gross profit this year. Retained premiums and fees last year totaled USD 189.7m, compared with USD 179.8m in 2019. The company expects USD 226.4m in retained premiums and fees for 2021.

Its strategic and enterprise accounts channel grew 537% year over year in the first quarter. That business line has some of the largest bank and non-bank lenders in the US, including **Wells Fargo** [NYSE:WFC]. It covers about 76% of the country based on gross written premium, with a presence in Arizona, California, Nevada, Florida, Georgia, New Jersey, Pennsylvania, Massachusetts, South Carolina, Wisconsin and Texas.

Doma's "immediate focus" and biggest single-state expansion is in New York, the only state the company is not licensed as an underwriter or an agent, according to Simkoff. Oregon and Washington are also of interest because they have meaningful volumes in mortgage origination, particularly in refinance, he added.

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### SPAC provided control of public debut

Doma was receiving inbound interest last fall across a variety of channels, Simkoff said. It initially assessed whether it wanted to be a public company, which, based on its momentum and the market, was a “very clear yes,” he noted.

It considered a traditional initial public offering and a direct listing but chose the SPAC route because of the control it provided over the process and investor selection, the CEO said. The SPAC option also allowed Doma to discuss potential future growth, which was important for a company that jumped from generating its first revenue in 2018 to posting USD 190m in retained premium and fees two years later, Simkoff added.

The company announced its merger with Capitol Investment V in March in a deal valuing it at USD 3bn.

Choosing a SPAC partner that had prior experience was important amid a market flooded with new entrants, Simkoff said. It did not host an auction during the SPAC process and chose Capitol after speaking with several potential partners, he added.

**Citigroup Global Markets** was Doma’s financial advisor, and **Davis Polk & Wardwell** was its legal advisor. **J.P. Morgan Securities** was Capitol’s financial advisor, **Latham & Watkins** was its legal advisor, and **Deutsche Bank Securities** was the SPAC’s capital markets advisor.



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