

Coinbase (COIN US)

Soft crypto market sentiment impacted 2Q25 results; eyes on new growth opportunities

Coinbase reported 2Q25 results: total net revenue declined by 28% QoQ to US\$1.42bn, below Bloomberg consensus estimate of US\$1.52bn, primarily due to low volatility and price headwinds of non-Bitcoin crypto assets; adjusted EBITDA was down by 45% QoQ to US\$512mn, versus consensus estimate of US\$601mn. Nonetheless, crypto market sentiment has started to recover since July. Management anticipated July transaction revenue of c.US\$360mn, and guided 3Q25 subscription & services revenue of US\$665-745mn (+1-14% QoQ), mainly driven by higher average crypto prices and stablecoin revenue. We trim FY25 total revenue forecast by 3%, to factor in the relatively soft crypto market sentiment in 2Q25, but partially offset by our more positive views on transaction and stablecoin businesses in 2H25. We lower our SOTP-derived target price to US\$405 (previous: US\$413.0). Maintain BUY.

- Soft crypto market sentiment pressured 2Q25 revenue growth.** Transaction revenue declined by 39% QoQ to US\$764mn, and trading volume was down by 40% QoQ to US\$237bn in 2Q25, mainly attributable to the lower volatility of crypto assets (-16% QoQ) and smaller market cap of non-Bitcoin assets (-11% QoQ). Excluding the impact of intentional price change to the stablecoin pair trading product, which led to the decline in stablecoin pair volume, Coinbase's QoQ trading volume decline was more similar to the US spot market (-32% QoQ). Subscription and services revenue declined by 6% QoQ to US\$656mn in 2Q25, primarily due to declines in average asset prices and lower reward rates, partially offset by the solid growth of stablecoin revenue.
- Eyes on new growth opportunities.** 1) Expanding product offerings: Coinbase launched CFTC-regulated crypto perpetual futures products in the US in July, with volumes doubled week over week after its launch. 2) Tokenized equities: the company has not yet established a timeline and still has work to complete prior to the launch of tokenized equities. Coinbase may integrate with traditional brokers to provide liquidity. 3) Full-stack stablecoin payments platform: Coinbase has planned the full rollout of USDC payment solution to all stores on Shopify later this year, which will help grow on-platform USDC balance and create payment fee opportunities. 4) Crypto as a Service (CaaS): Coinbase has cooperated with banks like PNC and JP Morgan, offering CaaS solutions like stablecoin payment and custody.
- Solid progress in regulations.** The GENUIS Act has become law and CLARITY Act was passed in the US House, which provide a clearer regulatory framework for stablecoins and digital assets in the US, accelerating the development of stablecoin and tokenized assets. The SEC also announced a "Project Crypto" on 31 July, which will facilitate super apps, allowing securities intermediaries to offer comprehensive crypto and traditional security trading products with a single license. The regulatory tailwind will foster innovation in the crypto market and reduce the compliance costs, in our view.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (US\$ mn)	3,108	6,354	7,013	7,519	7,954
Net profit (US\$ mn)	94.9	2,368.9	1,920.2	1,706.5	1,893.1
EPS (Reported) (US\$)	0.40	9.58	7.45	6.49	7.06
Consensus EPS (US\$)	0.40	9.58	5.34	7.32	8.97
P/S (x)	25.8	12.6	11.5	10.7	10.1
P/E (x)	782.1	32.9	42.2	48.5	44.6

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price US\$405.00
 (Previous TP) US\$413.00
Up/Downside 28.7%
Current Price US\$314.69

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Stock Data

Mkt Cap (US\$ mn)	80,305.1
Avg 3 mths t/o (US\$ mn)	2,176.0
52w High/Low (US\$)	419.78/147.35
Total Issued Shares (mn)	255.2

Source: FactSet

Shareholding Structure

Brian Armstrong	13.4%
The Vanguard Group	7.2%

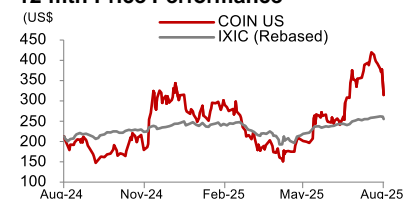
Source: Company data

Share Performance

	Absolute	Relative
1-mth	-6.2%	-8.2%
3-mth	56.3%	34.1%
6-mth	8.0%	2.7%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Coinbase: forecast revision

US\$ bn	Current			Previous			Change (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	7.0	7.5	8.0	7.2	7.7	8.0	-2.7%	-1.8%	-0.5%
Gross profit	5.9	6.4	6.8	6.1	6.5	6.8	-4.0%	-1.8%	-0.5%
Operating profit	1.3	2.1	2.2	2.0	2.2	2.3	-33.6%	-3.3%	-2.6%
Net profit	1.9	1.7	1.9	1.3	1.8	1.9	50.5%	-3.4%	-2.6%
EPS (US\$)	7.5	6.5	7.1	5.0	6.7	7.3	49.9%	-3.7%	-3.0%
Gross margin	83.9%	85.0%	85.0%	85.0%	85.0%	85.0%	-1.1 ppt	0.0 ppt	0.0 ppt
Operating margin	19.1%	27.7%	28.0%	27.9%	28.1%	28.6%	-8.9 ppt	-0.4 ppt	-0.6 ppt
GAAP net margin	27.4%	22.7%	23.8%	17.7%	23.1%	24.3%	9.7 ppt	-0.4 ppt	-0.5 ppt

Source: CMBIGM estimates

Note: 1) Lower FY25E operating profit forecast reflects US\$307mn in expenses related to the data theft incident in May; 2) higher FY25E net income forecast reflects US\$1.5bn in pre-tax gains on strategic Investments, and a US\$362mn in pre-tax gains on crypto investment portfolio in 2Q25

Figure 2: Coinbase: CMBIGM estimates vs consensus

US\$ bn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	7.0	7.5	8.0	7.3	8.1	9.1	-4.3%	-7.7%	-12.2%
Gross profit	5.9	6.4	6.8	6.4	7.1	7.8	-8.2%	-10.6%	-13.5%
Operating profit	1.3	2.1	2.2	2.1	2.7	3.2	-36.9%	-23.7%	-30.6%
Net profit	1.9	1.7	1.9	1.5	2.1	2.5	24.2%	-19.1%	-23.4%
EPS (US\$)	7.5	6.5	7.1	5.3	7.3	9.0	39.6%	-11.3%	-21.3%
Gross margin	83.9%	85.0%	85.0%	87.6%	87.8%	86.2%	-3.6 ppt	-2.8 ppt	-1.2 ppt
Operating margin	19.1%	27.7%	28.0%	28.9%	33.5%	35.4%	-9.8 ppt	-5.8 ppt	-7.4 ppt
GAAP net margin	27.4%	22.7%	23.8%	21.1%	25.9%	27.3%	6.3 ppt	-3.2 ppt	-3.5 ppt

Source: Bloomberg, CMBIGM estimates

Valuation

We value Coinbase at US\$405.0 per share based on SOTP valuation, comprising: 1) transaction business of US\$200.4 per share (49% of total valuation) based on 24x FY25E EV/EBITDA, a premium over average EV/EBITDA of traditional exchanges/brokers (21x), given its business remains at a nascent stage with a longer growth runway; 2) stablecoin business of US\$159.6 per share (39% of total valuation) based on 88x FY25E EV/EBITDA (on par with Circle); 3) custodial, blockchain rewards and other business of US\$22.8 per share (6% of total valuation) based on 11x FY25E EV/EBITDA (on par with asset management companies); and 4) net cash of US\$22.2 per share (5% of total valuation).

Figure 3: Coinbase: SOTP valuation

(US\$mn)	FY25E Rev	FY25E EBITDA	Methodology	Multiple	Valuation	As % of total valuation
Transaction	3,875	2,131	EV/EBITDA	24.0x	51,154	49%
Stablecoin revenue	1,322	463	EV/EBITDA	88.0x	40,723	39%
Custodial, blockchain rewards and other revenue	1,510	528	EV/EBITDA	11.0x	5,813	6%
Enterprise Value					97,691	95%
Net cash					5,677	5%
Equity Value					103,368	
Target Price (US\$)					405.00	

Source: CMBIGM estimates

Figure 4: Coinbase: valuation comparison

Companies	Ticker	Price (Local)	EV/Sales (x)			EV/EBITDA (x)		
			2025E	2026E	2027E	2025E	2026E	2027E
Exchange/broker								
CME Group	CME US	278.3	15.6	14.9	14.2	21.3	20.1	18.9
Interactive Broker	IBKR US	65.6	19.4	18.3	16.7	26.4	24.7	22.8
ICE	ICE US	184.8	12.6	11.9	11.3	19.1	17.8	16.8
NASDAQ	NDAQ US	96.2	12.5	11.6	10.8	21.6	19.9	18.4
Schwab	SCHW US	97.7	8.5	7.8	7.1	15.5	14.1	12.8
Average			13.7	12.9	12.0	20.8	19.3	17.9
Asset manager								
Blackrock	BLK US	1106.0	7.8	6.8	6.2	19.0	16.0	14.1
T Rowe Price	TROW US	101.5	2.8	2.6	2.6	7.4	7.2	7.0
Artisan	APAM US	45.3	3.2	2.9	NA	9.0	8.2	7.8
Franklin Resource	BEN US	24.0	1.5	1.5	1.5	7.7	7.1	6.3
Invesco	IVZ US	21.0	2.7	2.4	2.3	10.5	8.8	8.6
Apollo Global	APO US	145.3	4.3	3.8	3.2	13.6	11.6	10.4
Average			3.7	3.3	3.2	11.2	9.8	9.0
Stablecoin								
Circle	CRCL US	183.5	16.6	13.3	9.5	88.5	69.2	41.6
Average			16.6	13.3	9.5	88.5	69.2	41.6

Source: Bloomberg, CMBIGM

Note: data are as of 31 Jul 2025

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US\$ mn)						
Revenue	3,194	3,108	6,354	7,013	7,519	7,954
Cost of goods sold	630	421	898	1,126	1,128	1,193
Gross profit	2,564	2,688	5,456	5,886	6,391	6,761
Operating expenses	5,275	2,849	3,359	4,549	4,308	4,534
Selling expense	510	332	654	1,043	1,128	1,193
Admin expense	1,601	1,041	1,300	1,550	1,662	1,750
R&D expense	2,326	1,325	1,468	1,591	1,444	1,511
Others	838	151	(64)	365	75	80
Operating profit	(2,710)	(162)	2,097	1,338	2,083	2,227
Other income	(265)	168	716	1,229	75	159
Net Interest income/(expense)	(89)	(83)	(81)	(116)	(150)	(159)
Pre-tax profit	(3,065)	(77)	2,732	2,451	2,008	2,227
Income tax	(440)	(172)	364	531	301	334
After tax profit	(2,625)	95	2,369	1,920	1,707	1,893
Net profit	(2,625)	95	2,369	1,920	1,707	1,893

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US\$ mn)						
Current assets	86,448	203,467	18,113	19,693	22,322	24,910
Cash & equivalents	4,425	5,139	8,544	9,873	11,474	13,355
Restricted cash	26	23	39	39	39	39
Account receivables	404	362	265	281	289	294
Other current assets	81,593	197,942	9,265	9,501	10,520	11,223
Non-current assets	3,277	3,516	4,429	5,023	5,016	4,991
PP&E	172	193	200	194	187	162
Right-of-use assets	69	13	0	0	0	0
Intangibles	135	86	47	47	47	47
Goodwill	1,074	1,140	1,140	1,140	1,140	1,140
Other non-current assets	1,826	2,085	3,043	3,643	3,643	3,643
Total assets	89,725	206,983	22,542	24,716	27,338	29,901
Current liabilities	80,815	197,714	7,941	8,195	9,111	9,781
Account payables	387	486	690	840	816	837
Other current liabilities	80,394	197,217	7,251	7,356	8,295	8,943
Lease liabilities	34	11	0	0	0	0
Non-current liabilities	3,455	2,987	4,324	4,324	4,324	4,324
Long-term borrowings	3,393	2,980	4,234	4,234	4,234	4,234
Obligations under finance leases	42	4	0	0	0	0
Other non-current liabilities	20	3	90	90	90	90
Total liabilities	84,270	200,701	12,265	12,519	13,435	14,104
Share capital	3,768	4,492	5,366	5,366	5,366	5,366
Retained earnings	1,725	1,820	4,961	6,881	8,588	10,481
Other reserves	(39)	(30)	(50)	(50)	(50)	(50)
Total shareholders equity	5,455	6,282	10,277	12,197	13,904	15,797
Total equity and liabilities	89,725	206,983	22,542	24,716	27,338	29,901

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US\$ mn)						
Operating						
Profit before taxation	(3,065)	(77)	2,732	2,451	2,008	2,227
Depreciation & amortization	154	140	128	147	157	184
Change in working capital	(1,153)	(191)	(478)	2	(112)	(37)
Others	2,478	1,051	(35)	(531)	(301)	(334)
Net cash from operations	(1,585)	923	2,347	2,069	1,751	2,040
Investing						
Capital expenditure	(64)	(63)	0	(140)	(150)	(159)
Acquisition of subsidiaries/ investments	(186)	(31)	0	(600)	0	0
Net proceeds from disposal of short-term investments	2	0	0	0	0	0
Others	(415)	99	(282)	0	0	0
Net cash from investing	(664)	5	(282)	(740)	(150)	(159)
Financing						
Net borrowings	(0)	(324)	1,270	0	0	0
Proceeds from share issues	51	48	126	0	0	0
Share repurchases	(352)	(278)	0	0	0	0
Others	(5,538)	(257)	1,433	0	0	0
Net cash from financing	(5,839)	(811)	2,829	0	0	0
Net change in cash						
Cash at the beginning of the year	7,123	4,425	5,139	8,544	9,873	11,474
Exchange difference	(163)	9	(48)	0	0	0
Cash at the end of the year	4,425	5,139	8,544	9,873	11,474	13,355
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	(59.3%)	(2.7%)	104.4%	10.4%	7.2%	5.8%
Gross profit	(61.0%)	4.8%	103.0%	7.9%	8.6%	5.8%
Operating profit	na	na	na	(36.2%)	55.7%	6.9%
Net profit	na	na	2,396.9%	(18.9%)	(11.1%)	10.9%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	80.3%	86.5%	85.9%	83.9%	85.0%	85.0%
Operating margin	(84.8%)	(5.2%)	33.0%	19.1%	27.7%	28.0%
Return on equity (ROE)	(44.4%)	1.6%	28.6%	17.1%	13.1%	12.7%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Current ratio (x)	1.1	1.0	2.3	2.4	2.5	2.5
Receivable turnover days	3.0	2.7	2.2	2.0	1.9	1.8
Payable turnover days	224.4	421.9	280.6	272.2	264.0	256.1
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	ns	782.1	32.9	42.2	48.5	44.6
P/E (diluted)	ns	843.8	36.3	45.8	52.6	48.4
P/B	12.8	11.8	7.6	6.6	5.9	5.3

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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