CMB INTERNATIONAL

Coinbase (COIN US)

2Q26 review: continuous share gain despite challenging market environment

Coinbase announced 2Q26 results: net revenue fell by 14% QoQ to US$1.15bn, slightly below Bloomberg consensus estimate of US$1.22bn, primarily due to the headwinds to crypto asset price and trading volume; adjusted EBITDA declined by 31% QoQ to US$208mn amid challenging crypto market environment, vs. consensus of US$327mn. The company continued to diversify revenue streams and optimize cost structure to weather sector headwinds. The company achieved c.US$600mn cost reduction vs. 2025 annualized exit rate, after 14% headcount reduction in May. Management also lowered FY26 adj. expenses guidance to US$4.20-4.45bn (previous: US$4.25-$4.60bn). In view of the continued weakness in crypto market sentiment, we lower FY26-28E total revenue forecasts by 15-17%, and trim our SOTP-derived target price to US$205.0 (previous: US$235.0). Although the overall crypto market yet to see signs of recovery, Coinbase maintained healthy business trend and continued to gain share. Maintain BUY.

- **Solid progress on Everything Exchange.** Transaction revenue dropped by 21% QoQ to US$599mn in 2Q26 (52% of net revenue). The company continued to outperform overall crypto market, with its market share up by 3.2/1.2ppts YoY/QoQ to 10.3% in 2Q26. The progress on Everything Exchange became a key growth driver: 1) Coinbase's TTM crypto derivatives trading volume was flat QoQ despite the 12% decline in overall market volume, with its market share reaching an all-time high; 2) Prediction Markets revenue grew by 106% QoQ in 2Q26, with annualized revenue surpassing US$100mn, driven by the newly launched features and seasonally strong sport events. For 3Q26, management guided transaction revenue of c.US$130mn QTD (1 Jul-26 Jul).
- **Diversifying revenue streams.** Subscription and Services revenue declined by 15% QoQ to US$555mn in 2Q26 (48% of net revenue). Stablecoin's revenue declined by 4% QoQ to US$292mn in 2Q26, mainly due to decline in interest rates. USDC and Coinbase's partner stablecoins accounted for 79% of total market stablecoin transaction volume YTD, as per Artemis Analytics. Blockchain rewards revenue dropped by 17% QoQ to US$83mn in 2Q26, primarily attributable to decline in crypto asset prices and reward rates. Looking into 3Q26, management guided Subscription and Services revenue of US$500-580mn, largely flat with 2Q26 at the midpoint.
- **Enhancing efficiency to weather market headwinds.** Coinbase enhanced its operating efficiency amid market uncertainty, and lowered FY26 adj. expenses guidance by c.US$100mn to US$4.20-4.45bn. The company, however, remains committed to generating positive adj. EBITDA in all market conditions. The company leveraged AI to improve engineer efficiency, with pull requests per engineer up by 2.2x YoY and test coverage up by 2.5x YoY. With 14% headcount reduction in May, Coinbase achieved c.US$600mn cost reduction vs. 2025 annualized exit rate (4Q25 adj. expenses multiplied by four).

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (US$ mn)	6,564	7,181	5,029	5,823	6,518
Net profit (US$ mn)	2,579.1	1,260.3	(919.5)	255.2	441.6
EPS (Reported) (US$)	10.43	4.85	(3.48)	0.96	1.67
Consensus EPS (US$)	10.43	4.85	(1.47)	3.70	5.34
P/S (x)	5.9	5.4	7.7	6.6	5.9

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**US$205.00**
(Previous TP	US$235.00)
Up/Downside	**40.2%**
Current Price	**US$146.26**

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Stock Data

Mkt Cap (US$ mn)	38,576.5
Avg 3 mths t/o (US$ mn)	738.8
52w High/Low (US$)	387.27/141.09
Total Issued Shares (mn)	263.8

Source: FactSet

Shareholding Structure

Brian Armstrong	12.9%
The Vanguard Group	6.2%

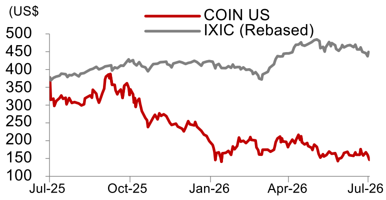
Source: Company data

Share Performance

	Absolute	Relative
1-mth	0.0%	3.4%
3-mth	-22.1%	-23.6%
6-mth	-24.9%	-30.6%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Coinbase: forecast revision

	Current			Previous			Change (%)		
US$ bn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	5.0	5.8	6.5	6.0	7.0	7.7	-16.5%	-17.0%	-15.3%
Gross profit	4.3	4.9	5.5	5.2	6.0	6.6	-17.3%	-17.9%	-16.3%
Operating profit	(0.3)	0.3	0.5	0.5	1.4	1.7	NA	NA	NA
Net profit	(0.9)	0.3	0.5	0.1	1.2	1.4	NA	NA	NA
Diluted EPS (US$)	(3.5)	1.0	1.7	0.2	4.6	5.4	NA	NA	NA
Gross margin	85.2%	85.0%	85.0%	86.0%	86.0%	86.0%	-0.8 ppt	-1.0 ppt	-1.0 ppt
Operating margin	-6.9%	5.2%	8.2%	16.3%	18.5%	19.8%	-23.3 ppt	-13.3 ppt	-11.7 ppt
GAAP net margin	-18.3%	4.4%	7.0%	14.5%	15.7%	16.9%	-32.8 ppt	-11.3 ppt	-9.9 ppt

Source: CMBIGM estimates

Figure 2: Coinbase: CMBIGM estimates vs consensus

	CMBIGM			Consensus			Diff (%)		
US$ bn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	5.0	5.8	6.5	5.7	7.3	8.1	-12.5%	-20.0%	-19.8%
Gross profit	4.3	4.9	5.5	5.0	6.3	7.0	-13.6%	-21.3%	-21.4%
Net profit	(0.9)	0.3	0.5	(0.4)	1.2	1.4	NA	NA	NA
Diluted EPS (US$)	(3.5)	1.0	1.7	(1.5)	3.7	5.3	NA	NA	NA
Gross margin	85.2%	85.0%	85.0%	86.3%	86.4%	86.7%	-1.1 ppt	-1.4 ppt	-1.7 ppt
GAAP net margin	-18.3%	4.4%	7.0%	-6.4%	15.9%	16.8%	-11.9 ppt	-11.6 ppt	-9.8 ppt

Source: Bloomberg, CMBIGM estimates

Valuation

We value Coinbase at US$205.0 per share based on SOTP valuation, comprising: 1) transaction business of US$130.1 per share (63% of total valuation) based on 35x FY26E EV/EBITDA, a premium over average EV/EBITDA of traditional exchanges/brokers (25x), given that its business remains at a nascent stage with a longer growth runway; 2) stablecoin business of US$43.4 per share (21% of total valuation) based on 27x FY26E EV/EBITDA (on par with Circle); 3) custodial, blockchain rewards and other business of US$13.7 per share (7% of total valuation) based on 11x FY26E EV/EBITDA (on par with asset management companies); and 4) net cash of US$17.8 per share (9% of total valuation).

Figure 3: Coinbase: SOTP valuation

	FY26E Rev	FY26E EBITDA	Methodology	Multiple	Valuation	As % of total valuation
Transaction	2,453	981	EV/EBITDA	35.0x	34,345	63%
Stablecoin revenue	1,213	425	EV/EBITDA	27.0x	11,463	21%
Custodial, blockchain rewards and other revenue	1,092	328	EV/EBITDA	11.0x	3,604	7%
Enterprise value (US$mn)					**49,412**	91%
Net cash (US$mn)					4,705	9%
Equity value (US$mn)					**54,117**	
Target price (US$)					**205.00**	

Source: CMBIGM estimates

Figure 4: Coinbase: valuation comparison

Companies	Ticker	Price (Local)	EV/Sales (x) 2026E	EV/Sales (x) 2027E	EV/Sales (x) 2028E	EV/EBITDA (x) 2026E	EV/EBITDA (x) 2027E	EV/EBITDA (x) 2028E
Exchange/broker								
Interactive Broker	IBKR US	90.5	21.0	18.1	15.9	27.1	23.2	20.6
Robinhood	HOOD US	86.6	16.1	12.6	10.5	30.1	21.9	18.1
NASDAQ	NDAQ US	95.2	10.5	9.7	8.9	17.5	16.0	14.6
Average			***15.9***	***13.5***	***11.8***	***24.9***	***20.3***	***17.8***
Asset manager								
Blackrock	BLK US	1098.4	6.3	5.7	5.0	13.9	12.2	11.0
Invesco	IVZ US	29.4	3.6	3.1	2.9	10.6	9.6	8.9
Apollo Global	APO US	120.3	3.0	2.6	2.3	9.5	7.9	7.0
Average			***4.3***	***3.8***	***3.4***	***11.3***	***9.9***	***9.0***
Stablecoin								
Circle	CRCL US	64.2	5.5	4.2	3.3	26.9	18.9	13.3
Average			***8.1***	***7.2***	***6.5***	***15.5***	***13.8***	***12.5***

Source: Bloomberg, CMBIGM
Note: data as of 30 Jul 2026

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US$ mn)						
Revenue	**3,108**	**6,564**	**7,181**	**5,029**	**5,823**	**6,518**
Cost of goods sold	421	898	1,020	745	873	978
Gross profit	**2,688**	**5,666**	**6,161**	**4,284**	**4,949**	**5,541**
Operating expenses	**2,849**	**3,359**	**4,726**	**4,633**	**4,649**	**5,009**
Selling expense	332	654	1,059	1,107	1,194	1,271
Admin expense	1,041	1,300	1,671	1,427	1,397	1,499
R&D expense	1,325	1,468	1,620	1,932	1,863	2,021
Others	151	(64)	377	168	195	218
Operating profit	**(162)**	**2,307**	**1,435**	**(349)**	**300**	**532**
Other income	168	716	172	(632)	116	6
Net Interest income/(expense)	**(83)**	**(81)**	**(85)**	**(74)**	**(116)**	**(15)**
Pre-tax profit	**(77)**	**2,943**	**1,522**	**(1,055)**	**300**	**523**
Income tax	(172)	364	262	(136)	45	81
After tax profit	**95**	**2,579**	**1,260**	**(920)**	**255**	**442**
Net profit	**95**	**2,579**	**1,260**	**(920)**	**255**	**442**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US$ mn)						
Current assets	**203,467**	**18,113**	**20,388**	**16,178**	**16,659**	**17,057**
Cash & equivalents	5,139	9,308	11,285	9,008	9,070	9,246
Restricted cash	23	347	334	334	334	334
Account receivables	362	265	307	206	229	247
Other current assets	197,942	8,192	8,462	6,630	7,025	7,229
Non-current assets	**3,516**	**4,429**	**9,283**	**9,207**	**9,127**	**9,198**
PP&E	193	200	265	188	109	179
Right-of-use assets	13	0	0	0	0	0
Intangibles	86	47	1,398	1,398	1,398	1,398
Goodwill	1,140	1,140	4,169	4,169	4,169	4,169
Other non-current assets	2,085	3,043	3,452	3,452	3,452	3,452
Total assets	**206,983**	**22,542**	**29,672**	**25,385**	**25,787**	**26,254**
Current liabilities	**197,714**	**7,941**	**8,701**	**7,834**	**7,981**	**7,989**
Account payables	486	690	118	83	95	103
Other current liabilities	197,217	7,251	8,584	7,750	7,886	7,886
Lease liabilities	11	0	0	0	0	0
Non-current liabilities	**2,987**	**4,324**	**6,177**	**4,877**	**4,877**	**4,877**
Long-term borrowings	2,980	4,234	5,937	4,637	4,637	4,637
Obligations under finance leases	4	0	0	0	0	0
Other non-current liabilities	3	90	240	240	240	240
Total liabilities	**200,701**	**12,265**	**14,879**	**12,711**	**12,858**	**12,866**
Share capital	4,492	5,366	8,567	7,367	7,367	7,367
Retained earnings	1,820	4,961	6,221	5,302	5,557	6,016
Other reserves	(30)	(50)	5	5	5	5
Total shareholders equity	**6,282**	**10,277**	**14,793**	**12,674**	**12,929**	**13,388**
Total equity and liabilities	**206,983**	**22,542**	**29,672**	**25,385**	**25,787**	**26,254**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US$ mn)						
Operating						
Profit before taxation	**(77)**	**2,943**	**1,522**	**(1,055)**	**300**	**523**
Depreciation & amortization	140	128	188	177	196	60
Change in working capital	(191)	69	(31)	1,065	(272)	(213)
Others	1,051	(35)	747	136	(45)	(63)
Net cash from operations	**923**	**3,104**	**2,426**	**323**	**179**	**307**
Investing						
Capital expenditure	(63)	0	0	(101)	(116)	(130)
Acquisition of subsidiaries/ investments	(31)	0	742	0	0	0
Net proceeds from disposal of short-term investments	0	0	0	0	0	0
Others	99	(201)	(2,792)	0	0	0
Net cash from investing	**5**	**(201)**	**(2,050)**	**(101)**	**(116)**	**(130)**
Financing						
Net borrowings	(324)	74	46	(1,300)	0	0
Proceeds from share issues	48	126	78	0	0	0
Share repurchases	(278)	0	(790)	(1,200)	0	0
Others	(257)	2,703	1,406	0	0	0
Net cash from financing	**(811)**	**2,903**	**740**	**(2,500)**	**0**	**0**
Net change in cash						
Cash at the beginning of the year	4,425	5,139	9,308	11,285	9,008	9,070
Exchange difference	9	(48)	93	0	0	0
Cash at the end of the year	**5,139**	**9,308**	**11,285**	**9,008**	**9,070**	**9,246**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	(2.7%)	111.2%	9.4%	(30.0%)	15.8%	11.9%
Gross profit	4.8%	110.8%	8.7%	(30.5%)	15.5%	11.9%
Operating profit	na	na	(37.8%)	na	na	77.1%
Net profit	na	2,618.5%	(51.1%)	na	na	73.1%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	86.5%	86.3%	85.8%	85.2%	85.0%	85.0%
Operating margin	(5.2%)	35.1%	20.0%	(6.9%)	5.2%	8.2%
Return on equity (ROE)	1.6%	31.2%	10.1%	(6.7%)	2.0%	3.4%

GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Current ratio (x)	1.0	2.3	2.3	2.1	2.1	2.1
Receivable turnover days	2.7	19.3	17.0	24.3	21.0	18.7
Payable turnover days	421.9	280.6	42.1	40.8	39.6	38.4

VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	363.5	14.0	30.2	ns	151.6	87.6
P/E (diluted)	392.2	15.5	33.3	ns	151.0	87.2
P/B	5.5	3.5	2.6	3.1	3.0	2.9

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

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