

Coinbase (COIN US)

3Q26 review: Recovering business growth and market environment

Coinbase reported 3Q26 results: total revenue was largely flattish QoQ at US\$1.22bn, in line with Visible Alpha consensus estimate; adjusted EBITDA grew by 60% QoQ to US\$333mn, beating consensus of US\$286mn, primarily thanks to disciplined control in opex. The company also lowered FY26 adj. expenses guidance by US\$100mn to US\$4.15-4.30bn. Despite soft crypto market sentiment, Coinbase continued to make solid progress on its top 3 priorities (Everything Exchange/stablecoins and payments/on-chain), with the prediction market, derivatives and subscription services together accounting for over 60% of its 3Q26 net revenue. We raise our FY26-28E total revenue forecasts by 2-3% given the strong momentum of new revenue streams. We roll over valuation window to FY27E, and maintain our SOTP-derived target price of US\$205.0. Maintain BUY.

- **Continuous market share gains.** Transaction revenue declined by 1% QoQ to US\$590mn (51% of net revenue), and spot trading volume decreased by 8% QoQ in 3Q26. That said, the company continued to gain market share, up from 5.6%/10.3% in 3Q25/2Q26 to 10.7% in 3Q26 by crypto trading volume. Subscription and Services revenue grew by 3% QoQ to US\$570mn in 3Q26 (49% of net revenue), primarily driven by strength in stablecoins, staking and financing. Stablecoins revenue increased by 5% QoQ to US\$307mn in 3Q26, thanks to the solid native unit inflows. For 4Q26, management noted 1) transaction revenue of c.US\$165mn QTD (1 Oct-25 Oct), and guided 2) Subscription and Services revenue of US\$550-630mn, up by 3% QoQ at the midpoint, primarily fuelled by higher interest rates and average crypto asset prices.
- **Solid progress on the top 3 priorities.** 1) Everything Exchange: prediction markets revenue recorded an 82% quarterly compound growth since launch in 1Q26. Annualized revenue of prediction markets grew to over US\$200mn in 3Q26. Prediction markets and derivatives combined contributed 25% of transaction revenue in 3Q26. 2) Stablecoins and payments: the company further expanded its full-stack stablecoin solutions to more business partners like Citi and PNC. 3) On-chain: Base has become the leading Layer 2 for crypto spot trading, and its tokenized equities trading volume crossed over US\$1bn since launch in Aug 2026.
- **Prudent cost control to deliver healthy earnings performance.** The company lowered the midpoint of FY26 adj. expenses guidance (US\$4.15-4.30bn) by around US\$100mn, which implies a 1% YoY decrease in expenses, thanks to its cost reduction initiatives despite increasing investment in USDC rewards and high-growth products. The company has recorded positive adj. EBITDA for 15th consecutive quarters amid different market environments, and will remain committed to generating positive adjusted EBITDA in the future.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (US\$ mn)	6,564	7,181	5,130	6,001	6,722
Net profit (US\$ mn)	2,579.1	1,260.3	(102.4)	466.8	942.2
EPS (Reported) (US\$)	10.43	4.85	(0.39)	1.77	3.57
Consensus EPS (US\$)	10.43	4.85	(2.70)	3.02	5.48
P/S (x)	6.5	5.9	8.3	7.1	6.3
P/E (x)	15.4	33.1	ns	90.9	45.0

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price US\$205.00
Up/Downside 27.7%
Current Price US\$160.59

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Stock Data

Mkt Cap (US\$ mn)	42,426.4
Avg 3 mths t/o (US\$ mn)	555.4
52w High/Low (US\$)	343.78/141.09
Total Issued Shares (mn)	264.2

Source: FactSet

Shareholding Structure

Brian Armstrong	12.9%
The Vanguard Group	6.2%

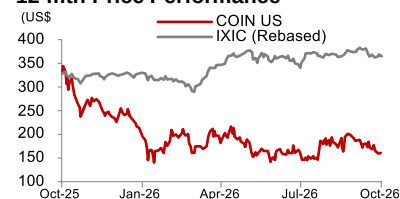
Source: Company data

Share Performance

	Absolute	Relative
1-mth	-13.9%	-11.6%
3-mth	-1.8%	-5.8%
6-mth	-14.5%	-18.7%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Coinbase: forecast revision

US\$ bn	Current			Previous			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	5.1	6.0	6.7	5.0	5.8	6.5	2.0%	3.1%	3.1%
Gross profit	4.4	5.1	5.7	4.3	4.9	5.5	1.7%	3.1%	3.1%
Operating profit	(0.1)	0.5	1.1	(0.3)	0.3	0.5	NA	NA	NA
Net profit	(0.1)	0.5	1.0	(0.9)	0.3	0.5	NA	NA	NA
Diluted EPS (US\$)	(0.4)	1.8	3.3	(3.5)	1.0	1.7	NA	NA	NA
Gross margin	84.9%	85.0%	85.0%	85.2%	85.0%	85.0%	-0.2 ppt	0.0 ppt	0.0 ppt
Operating margin	-2.7%	9.2%	16.7%	-6.9%	5.2%	8.2%	4.3 ppt	4.0 ppt	8.5 ppt
GAAP net margin	-2.0%	7.8%	14.3%	-18.3%	4.4%	7.0%	16.3 ppt	3.4 ppt	7.2 ppt

Source: CMBIGM estimates

Figure 2: Coinbase: CMBIGM estimates vs consensus

US\$ bn	CMBIGM			Consensus			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	5.1	6.0	6.7	5.2	6.8	8.1	-1.7%	-11.9%	-17.1%
Gross profit	4.4	5.1	5.7	4.5	5.8	7.0	-2.2%	-12.6%	-18.0%
Net profit	(0.1)	0.5	1.0	(0.7)	0.8	1.5	NA	-42.2%	-36.5%
Diluted EPS (US\$)	(0.4)	1.8	3.3	(2.7)	3.0	5.5	NA	-41.3%	-39.2%
Gross margin	84.9%	85.0%	85.0%	85.4%	85.7%	85.9%	-0.4 ppt	-0.7 ppt	-0.9 ppt
GAAP net margin	-2.0%	7.8%	14.3%	-13.2%	11.9%	18.6%	11.2 ppt	-4.1 ppt	-4.4 ppt

Source: Visible Alpha, CMBIGM estimates

Valuation

We value Coinbase at US\$205.0 per share based on SOTP valuation, comprising: 1) transaction business of US\$133.2 per share (65% of total valuation) based on 28x FY27E EV/EBITDA, a premium over average EV/EBITDA of traditional exchanges/brokers (19x), given its business remains at a nascent stage with a longer growth runway; 2) stablecoin business of US\$39.4 per share (19% of total valuation) based on 21x FY27E EV/EBITDA (on par with Circle); 3) custodial, blockchain rewards and other business of US\$10.8 per share (5% of total valuation) based on 9x FY27E EV/EBITDA (on par with asset management companies); and 4) net cash of US\$21.6 per share (11% of total valuation).

Figure 3: Coinbase: SOTP valuation

(US\$ mn)	FY27E Rev	FY27E EBITDA	Methodology	Multiple	Valuation	As % of total valuation
Transaction	3,148	1,259	EV/EBITDA	28.0x	35,258	65%
Stablecoin revenue	1,421	497	EV/EBITDA	21.0x	10,445	19%
Custodial, blockchain rewards and other revenue	1,179	318	EV/EBITDA	9.0x	2,866	5%
Enterprise Value (US\$mn)					48,569	89%
Net cash (US\$mn)					5,714	11%
Equity Value (US\$mn)					54,283	
Target Price (US\$)					205.00	

Source: CMBIGM estimates

Figure 4: Coinbase: valuation comparison

Companies	Ticker	Price (Local)	EV/Sales (x)			EV/EBITDA (x)		
			2026E	2027E	2028E	2026E	2027E	2028E
Exchange/broker								
Interactive Broker	IBKR US	90.5	19.0	15.9	13.9	23.9	19.8	17.1
Robinhood	HOOD US	86.6	14.5	11.1	9.5	26.7	19.0	15.7
NASDAQ	NDAQ US	95.2	11.3	10.3	9.4	18.9	17.0	15.4
Average			14.9	12.4	10.9	23.2	18.6	16.1
Asset manager								
Blackrock	BLK US	1098.4	6.8	6.0	5.4	13.1	11.5	10.0
Invesco	IVZ US	29.4	2.6	2.4	2.2	6.3	5.6	5.1

Average			4.7	4.2	3.8	9.7	8.6	7.5
Stablecoin								
Circle	CRCL US	64.2	6.0	4.8	3.7	25.2	20.8	15.0
Average			6.0	4.8	3.7	25.2	20.8	15.0

Source: Visible Alpha, CMBIGM
Note: data are as of 29 Oct 2026

Risk

Intensifying competition in crypto and fintech sectors; stringent regulatory scrutiny; softening market sentiment.

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US\$ mn)						
Revenue	3,108	6,564	7,181	5,130	6,001	6,722
Cost of goods sold	421	898	1,020	772	900	1,008
Gross profit	2,688	5,666	6,161	4,358	5,101	5,713
Operating expenses	2,849	3,359	4,726	4,495	4,552	4,594
Selling expense	332	654	1,059	1,070	1,080	1,109
Admin expense	1,041	1,300	1,671	1,411	1,440	1,479
R&D expense	1,325	1,468	1,620	1,920	1,920	1,882
Others	151	(64)	377	95	111	124
Operating profit	(162)	2,307	1,435	(137)	549	1,119
Other income	168	716	172	102	120	5
Net Interest income/(expense)	(83)	(81)	(85)	(80)	(120)	(13)
Pre-tax profit	(77)	2,943	1,522	(116)	549	1,111
Income tax	(172)	364	262	(13)	82	169
After tax profit	95	2,579	1,260	(102)	467	942
Net profit	95	2,579	1,260	(102)	467	942

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US\$ mn)						
Current assets	203,467	18,113	20,388	18,084	18,806	19,698
Cash & equivalents	5,139	9,308	11,285	9,779	10,017	10,680
Restricted cash	23	347	334	334	334	334
Account receivables	362	265	307	211	237	254
Other current assets	197,942	8,192	8,462	7,760	8,218	8,430
Non-current assets	3,516	4,429	9,283	9,209	9,133	9,207
PP&E	193	200	265	190	114	188
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	27,292	27,938	28,905
Current liabilities	197,714	7,941	8,701	8,924	9,104	9,112
Account payables	486	690	118	86	98	106
Other current liabilities	197,217	7,251	8,584	8,838	9,006	9,006
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	13,802	13,981	13,989
Share capital	4,492	5,366	8,567	7,367	7,367	7,367
Retained earnings	1,820	4,961	6,221	6,119	6,586	7,544
Other reserves	(30)	(50)	5	5	5	5
Total shareholders equity	6,282	10,277	14,793	13,491	13,957	14,916
Total equity and liabilities	206,983	22,542	29,672	27,292	27,938	28,905

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US\$ mn)						
Operating						
Profit before taxation	(77)	2,943	1,522	(116)	549	1,111
Depreciation & amortization	140	128	188	177	196	60
Change in working capital	(191)	69	(31)	1,022	(305)	(221)
Others	1,051	(35)	747	13	(82)	(153)
Net cash from operations	923	3,104	2,426	1,097	357	798
Investing						
Capital expenditure	(63)	0	0	(103)	(120)	(134)
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)	(103)	(120)	(134)
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	9,779	10,017
Exchange difference	9	(48)	93	0	0	0
Others	589	(1,589)	767	0	0	0
Cash at the end of the year	5,139	9,308	11,285	9,779	10,017	10,680
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	(2.7%)	111.2%	9.4%	(28.6%)	17.0%	12.0%
Gross profit	4.8%	110.8%	8.7%	(29.3%)	17.1%	12.0%
Operating profit	na	na	(37.8%)	na	na	103.8%
Net profit	na	2,618.5%	(51.1%)	na	na	101.8%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	86.5%	86.3%	85.8%	84.9%	85.0%	85.0%
Operating margin	(5.2%)	35.1%	20.0%	(2.7%)	9.2%	16.7%
Return on equity (ROE)	1.6%	31.2%	10.1%	(0.7%)	3.4%	6.5%
GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Current ratio (x)	1.0	2.3	2.3	2.0	2.1	2.2
Receivable turnover days	2.7	19.3	17.0	23.8	20.3	18.2
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	399.1	15.4	33.1	ns	90.9	45.0
P/E (diluted)	430.6	17.0	36.6	ns	90.6	49.1
P/B	6.0	3.9	2.8	3.1	3.0	2.8

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

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