

Coinbase (COIN US)

1Q26 review: resilient business execution despite persistent market headwinds

Coinbase reported 1Q26 results: total revenue declined by 31% YoY and 21% QoQ to US\$1.41bn amid soft market sentiment, in line with Bloomberg consensus estimate; adjusted EBITDA was down by 67% YoY and 46% QoQ to US\$303mn, below the consensus estimate of US\$408mn. Despite market headwinds, Coinbase continued to gain crypto trading market share and new initiatives (e.g. derivatives and prediction market) also gained solid traction. For 2Q26E, management guided for: 1) subscription and services revenue of US\$565-645mn (-3%+11% QoQ), primarily driven by increases in USDC market cap but offset by declines in crypto asset prices; 2) transaction revenue of c.US\$215mn QTD (1 Apr-5 May). The company also announced in May plans to reduce workforce by 14% to weather the sector headwind and accelerate AI transition, which will lead to US\$500mn cost reduction in FY26 per management. We lower our FY26-28E total revenue forecasts by 15-17% given the weak crypto market environment, and also trim our SOTP-derived target price to US\$235.0 (previous: US\$270.0). Looking ahead, we expect the passage of CLARITY Act (likely in this summer per management) to be a key catalyst for market sentiment improvement and Coinbase rerating. Maintain BUY.

■ **Gaining market share despite weak environment.** Transaction revenue was down by 40% YoY and 23% QoQ to US\$756mn in 1Q26, against a backdrop of declines in crypto market trading volumes (-28% QoQ). Coinbase continued to grow its crypto trading volume market share to 8.6% in 1Q26, from 6.0%/8.0% in 1Q25/4Q25, thanks to the successful expansion of its product offerings. TTM derivatives trading volume grew by 169% YoY to US\$4.2bn in 1Q26, with annualized revenue of retail derivatives surpassing US\$200mn; Prediction Markets business saw its annualized revenue exceed US\$100mn in March, only two months after its launch; non-crypto contracts like silver and gold also saw more than 4 times growth QoQ in 1Q26.

■ **Stablecoin business maintained steady growth.** Subscription and Services revenue declined by 14% YoY and 16% QoQ to US\$584mn in 1Q26. Stablecoin revenue grew by 11% YoY to US\$305mn in 1Q26 driven by growth in USDC Market Cap, while blockchain rewards revenue was down by 49% YoY to US\$101mn due to declines in crypto asset prices. USDC and Base became primary choices for agentic payment and commerce, with over 99% of onchain agentic commerce completed using USDC and over 90% of agentic stablecoin transaction volumes were on Base in 1Q26, as per Artemis Analytics.

■ **Expect CLARITY Act to be signed by this summer.** On regulatory front, management expects the CLARITY Act to be signed by the end of this summer. For the stablecoin, the legislation is likely to preserve activity-based rewards while prohibiting passive deposit-style yields. Besides, with more clarity on crypto regulations, management expects more institutions to integrate crypto, attracting more capital inflow into the crypto sector.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (US\$ mn)	6,564	7,181	6,020	7,012	7,698
Net profit (US\$ mn)	2,579.1	1,260.3	55.4	1,210.2	1,403.0
EPS (Reported) (US\$)	10.43	4.85	0.21	4.57	5.30
Consensus EPS (US\$)	10.43	4.85	0.29	4.41	5.82
P/S (x)	8.1	7.4	8.8	7.6	6.9
P/E (x)	19.3	41.5	960.9	44.0	38.0

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price US\$235.00
 (Previous TP) US\$270.00
Up/Downside 16.8%
Current Price US\$201.16

Internet

Saiyi HE, CFA
 (852) 3916 1739
 hesaiyi@cmbi.com.hk

Wentao LU, CFA
 luwentao@cmbi.com.hk

Ye TAO, CFA
 (852) 3850 5226
 franktao@cmbi.com.hk

Shuyin GUO
 (852) 3916 3716
 guoshuyin@cmbi.com.hk

Stock Data

Mkt Cap (US\$ mn)	53,262.1
Avg 3 mths t/o (US\$ mn)	1,367.6
52w High/Low (US\$)	419.78/141.09
Total Issued Shares (mn)	264.8

Source: FactSet

Shareholding Structure

Brian Armstrong	12.9%
The Vanguard Group	6.2%

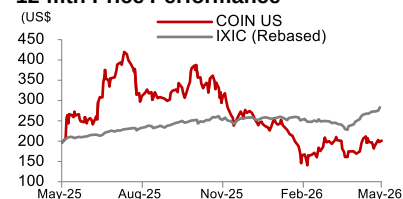
Source: Company data

Share Performance

	Absolute	Relative
1-mth	14.9%	-0.9%
3-mth	21.8%	6.9%
6-mth	-34.9%	-43.0%

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	6.0	7.0	7.7	7.3	8.3	9.0	-17.4%	-15.1%	-14.8%
Gross profit	5.2	6.0	6.6	6.3	7.1	7.8	-17.3%	-15.1%	-14.8%
Operating profit	0.5	1.4	1.7	1.2	1.5	1.8	-60.4%	-6.8%	-7.3%
Net profit	0.1	1.2	1.4	1.1	1.3	1.5	-94.8%	-6.8%	-7.2%
Diluted EPS (US\$)	0.2	4.6	5.4	3.6	4.2	4.7	-94.2%	8.3%	13.2%
Gross margin	86.0%	86.0%	86.0%	86.0%	86.0%	86.0%	0.0 ppt	0.0 ppt	0.0 ppt
Operating margin	7.8%	20.3%	21.6%	16.3%	18.5%	19.8%	-8.5 ppt	1.8 ppt	1.8 ppt
GAAP net margin	0.9%	17.3%	18.5%	14.5%	15.7%	16.9%	-13.6 ppt	1.5 ppt	1.5 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	6.0	7.0	7.7	6.2	7.4	8.7	-3.5%	-5.8%	-11.6%
Gross profit	5.2	6.0	6.6	5.3	6.4	7.4	-3.2%	-5.7%	-10.5%
Net profit	0.1	1.2	1.4	0.1	1.0	1.7	-24.2%	18.7%	-15.9%
Diluted EPS (US\$)	0.2	4.6	5.4	0.3	4.4	5.8	-28.7%	3.8%	-7.8%
Gross margin	86.0%	86.0%	86.0%	85.7%	85.9%	85.0%	0.3 ppt	0.1 ppt	1.0 ppt
GAAP net margin	0.9%	17.3%	18.5%	1.2%	13.7%	19.4%	-0.3 ppt	3.6 ppt	-1.0 ppt

Source: Bloomberg, CMBIGM estimates

Valuation

We value Coinbase at US\$235.0 per share based on SOTP valuation, comprising: 1) transaction business of US\$111.0 per share (47% of total valuation) based on 23x FY26E EV/EBITDA (on par with exchange and brokerage platforms); 2) stablecoin business of US\$94.2 per share (40% of total valuation) based on 47x FY26E EV/EBITDA (on par with Circle); 3) custodial, blockchain rewards and other business of US\$10.0 per share (4% of total valuation) based on 9x FY26E EV/EBITDA (on par with asset management companies); and 4) net cash of US\$19.7 per share (8% of total valuation).

Figure 3: Coinbase: SOTP valuation

	FY26E Rev (US\$mn)	FY26E EBITDA (US\$mn)	Methodology	Multiple	Valuation	As % of total valuation
Transaction	3,038	1,276	EV/EBITDA	23.0x	29,349	47%
Stablecoin revenue	1,514	530	EV/EBITDA	47.0x	24,907	40%
Custodial, blockchain rewards and other revenue	1,173	293	EV/EBITDA	9.0x	2,640	4%
Enterprise Value (US\$mn)					56,895	92%
Net cash (US\$mn)					5,213	8%
Equity Value (US\$mn)					62,109	
Target Price (US\$)					235.0	

Source: CMBIGM estimates

Figure 4: Coinbase: valuation comparison

Companies	Ticker	Price	EV/Sales (x)			EV/EBITDA (x)		
		(Local)	2026E	2027E	2028E	2026E	2027E	2028E
Exchange/broker								
CME Group	CME US	286.9	14.7	14.0	13.3	19.5	18.7	17.2
Interactive Broker	IBKR US	83.7	20.9	18.5	16.5	26.5	23.5	21.5
Robinhood	HOOD US	76.3	14.7	12.1	10.5	28.3	21.2	17.6
NASDAQ	NDAQ US	89.0	10.3	9.5	8.8	17.4	15.9	14.4
Average			15.1	13.5	12.3	22.9	19.8	17.7
Asset manager								
Blackrock	BLK US	1067.7	6.4	5.8	5.2	14.3	12.8	11.5

T Rowe Price	TROW US	103.6	2.6	2.5	2.6	6.5	6.6	7.8
Artisan	APAM US	37.6	2.5	2.4	NA	7.3	6.9	6.5
Franklin Resource	BEN US	30.5	1.8	1.7	1.8	7.5	6.8	6.8
Invesco	IVZ US	26.8	3.0	2.8	2.4	10.8	9.8	9.0
Apollo Global	APO US	127.8	3.2	2.8	2.4	10.0	8.4	7.4
Average			3.2	3.0	2.9	9.4	8.6	8.2
Stablecoin								
Circle	CRCL US	113.3	9.1	7.3	5.4	47.4	31.2	20.6
Average			9.1	7.3	5.4	47.4	31.2	20.6

Source: Bloomberg, CMBIGM

Note: data are as of 7 May 2026

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US\$ mn)						
Revenue	3,108	6,564	7,181	6,020	7,012	7,698
Cost of goods sold	421	898	1,020	841	982	1,078
Gross profit	2,688	5,666	6,161	5,179	6,031	6,620
Operating expenses	2,849	3,359	4,726	4,709	4,607	4,958
Selling expense	332	654	1,059	1,071	1,052	1,120
Admin expense	1,041	1,300	1,671	1,570	1,683	1,820
R&D expense	1,325	1,468	1,620	1,906	1,683	1,811
Others	151	(64)	377	162	189	207
Operating profit	(162)	2,307	1,435	471	1,424	1,662
Other income	168	716	172	(329)	140	6
Net Interest income/(expense)	(83)	(81)	(85)	(78)	(140)	(14)
Pre-tax profit	(77)	2,943	1,522	64	1,424	1,654
Income tax	(172)	364	262	9	214	251
After tax profit	95	2,579	1,260	55	1,210	1,403
Net profit	95	2,579	1,260	55	1,210	1,403

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US\$ mn)						
Current assets	203,467	18,113	20,388	18,849	20,317	21,653
Cash & equivalents	5,139	9,308	11,285	9,516	10,440	11,575
Restricted cash	23	347	334	334	334	334
Account receivables	362	265	307	247	276	291
Other current assets	197,942	8,192	8,462	8,751	9,267	9,452
Non-current assets	3,516	4,429	9,283	9,226	9,168	9,259
PP&E	193	200	265	208	149	240
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	28,075	29,485	30,912
Current liabilities	197,714	7,941	8,701	9,549	9,748	9,755
Account payables	486	690	118	94	106	113
Other current liabilities	197,217	7,251	8,584	9,455	9,642	9,642
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	14,427	14,626	14,633
Share capital	4,492	5,366	8,567	7,367	7,367	7,367
Retained earnings	1,820	4,961	6,221	6,277	7,487	8,907
Other reserves	(30)	(50)	5	5	5	5
Total shareholders equity	6,282	10,277	14,793	13,648	14,859	16,279
Total equity and liabilities	206,983	22,542	29,672	28,075	29,485	30,912

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US\$ mn)						
Operating						
Profit before taxation	(77)	2,943	1,522	64	1,424	1,654
Depreciation & amortization	140	128	188	177	199	62
Change in working capital	(191)	69	(31)	618	(346)	(193)
Others	1,051	(35)	747	(9)	(214)	(233)
Net cash from operations	923	3,104	2,426	851	1,064	1,289
Investing						
Capital expenditure	(63)	0	0	(120)	(140)	(154)
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)	(120)	(140)	(154)
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	9,516	10,440
Exchange difference	9	(48)	93	0	0	0
Cash at the end of the year	5,139	9,308	11,285	9,516	10,440	11,575
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	(2.7%)	111.2%	9.4%	(16.2%)	16.5%	9.8%
Gross profit	4.8%	110.8%	8.7%	(15.9%)	16.4%	9.8%
Operating profit	na	na	(37.8%)	(67.2%)	202.6%	16.8%
Net profit	na	2,618.5%	(51.1%)	(95.6%)	2,083.4%	15.9%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	86.5%	86.3%	85.8%	86.0%	86.0%	86.0%
Operating margin	(5.2%)	35.1%	20.0%	7.8%	20.3%	21.6%
Return on equity (ROE)	1.6%	31.2%	10.1%	0.4%	8.5%	9.0%
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	20.3	17.4	15.9
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	500.0	19.3	41.5	960.9	44.0	38.0
P/E (diluted)	539.4	21.3	45.8	960.9	44.0	38.0
P/B	7.6	4.8	3.5	3.9	3.6	3.3

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

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CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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