

Coinbase (COIN US)

Favourable regulatory environment and improving utility fuel stablecoin outlook

The recent regulatory development and Circle IPO have boosted investor sentiment on stablecoin business outlook and valuation. Coinbase has also taken initiatives since June, such as introducing Coinbase Payments and reportedly seeking SEC approval for tokenized equities, which we expect to further accelerate USDC adoption. Looking ahead, we expect ample opportunities and vast TAM for the stablecoin business (15% of Coinbase total revenue in 1Q25), including crypto assets, cross-border payment, consumer payment, and the tokenization of traditional assets. We revise up our valuation multiple for the stablecoin business and our SOTP-derived target price to US\$413.0. Maintain BUY.

■ **Coinbase as the major distributor of USDC.** Daily weighted-average USDC in circulation grew from US\$30.5bn in 2023 to US\$54.1bn in 1Q25, with its market share in total stablecoin supply up from 20% to 29%, driven by the crypto adoption growth and improving USDC utility. As one of the major distributors, Coinbase grew its share of USDC in circulation from 8% in 2023 to 22% in 1Q25, thanks to its rewards program launched in Jun 2023 (the no. of MTUs holding USDC has doubled and average USDC balances per holder has increased 3x since then) and deeper integration of USDC into Coinbase products. Upon the long-term partnership with Circle, Coinbase could receive 100/50% of daily income from the reserves backing on-platform/off-platform USDC (after deducting the fees for issuers, asset managers and custodians etc.), and continue to benefit from the stablecoin development.

■ **Stablecoin remains at an early stage of development.** Total market cap of stablecoin surpassed US\$240bn in Jun 2025, but still has a long runway compared to US M2 money stock of US\$21.8tn (as of Mar 2025 per the Federal Reserve Bank of St. Louis). We see ample opportunities ahead for stablecoin which could reduce costs and improve efficiency in different use cases: **1) payment:** annual global consumer payments revenue of US\$2.4tn and international remittances & cross-border payments revenue of US\$288bn per McKinsey's 2024 Global Payments Report; **2) crypto asset investment:** the market cap of all tracked digital assets was US\$2.7tn as of Mar 2025; **3) tokenization of traditional assets:** annual global capital markets revenue reached US\$180bn in 2023, per S&P Global.

■ **New initiatives to capture growth opportunities.** Coinbase continues to accelerate the adoption of USDC in different use cases: 1) payment: Coinbase announced partnership with Shopify in June, to allow consumers to pay with USDC through Shopify Payments. The company also introduced Coinbase Payments, a stablecoin payments stack that is offered to more commerce platforms; 2) tokenization of equities: Reuters reported that Coinbase is seeking SEC approval to offer tokenized stocks ([link](#)). We expect this shall help Coinbase and stablecoin further tap into the traditional capital markets.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (US\$ mn)	3,108	6,564	7,209	7,655	7,994
Net profit (US\$ mn)	94.9	2,579.1	1,275.9	1,765.8	1,943.3
EPS (Reported) (US\$)	0.40	10.43	4.97	6.75	7.28
Consensus EPS (US\$)	0.40	10.43	5.96	5.59	6.29
P/S (x)	30.6	14.5	13.2	12.4	11.9
P/E (x)	932.2	36.0	75.4	55.6	51.5

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price US\$413.00
 (Previous TP) US\$325.00
Up/Downside 10.1%
Current Price US\$375.07

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Stock Data

Mkt Cap (US\$ mn)	95,222.0
Avg 3 mths t/o (US\$ mn)	1,595.0
52w High/Low (US\$)	375.07/147.35
Total Issued Shares (mn)	253.9

Source: FactSet

Shareholding Structure

Brian Armstrong	13.4%
The Vanguard Group	7.2%

Source: Company data

Share Performance

	Absolute	Relative
1-mth	40.8%	34.0%
3-mth	98.9%	75.6%
6-mth	41.2%	38.0%

Source: FactSet

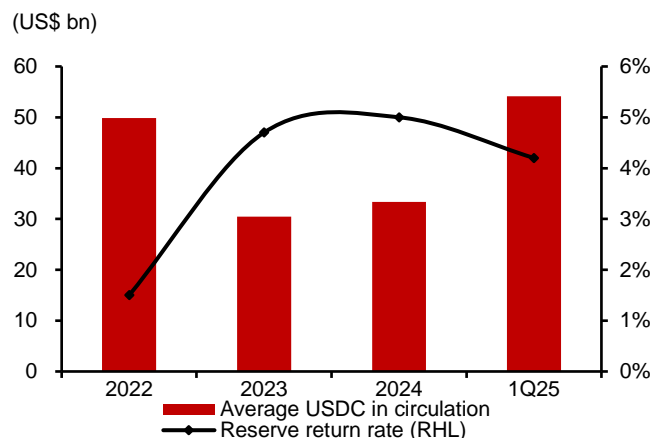
12-mth Price Performance



Source: FactSet

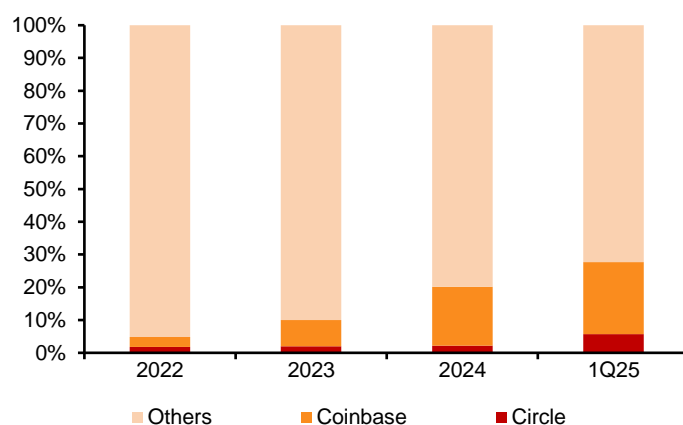
Focus charts

Figure 1: USDC in circulation



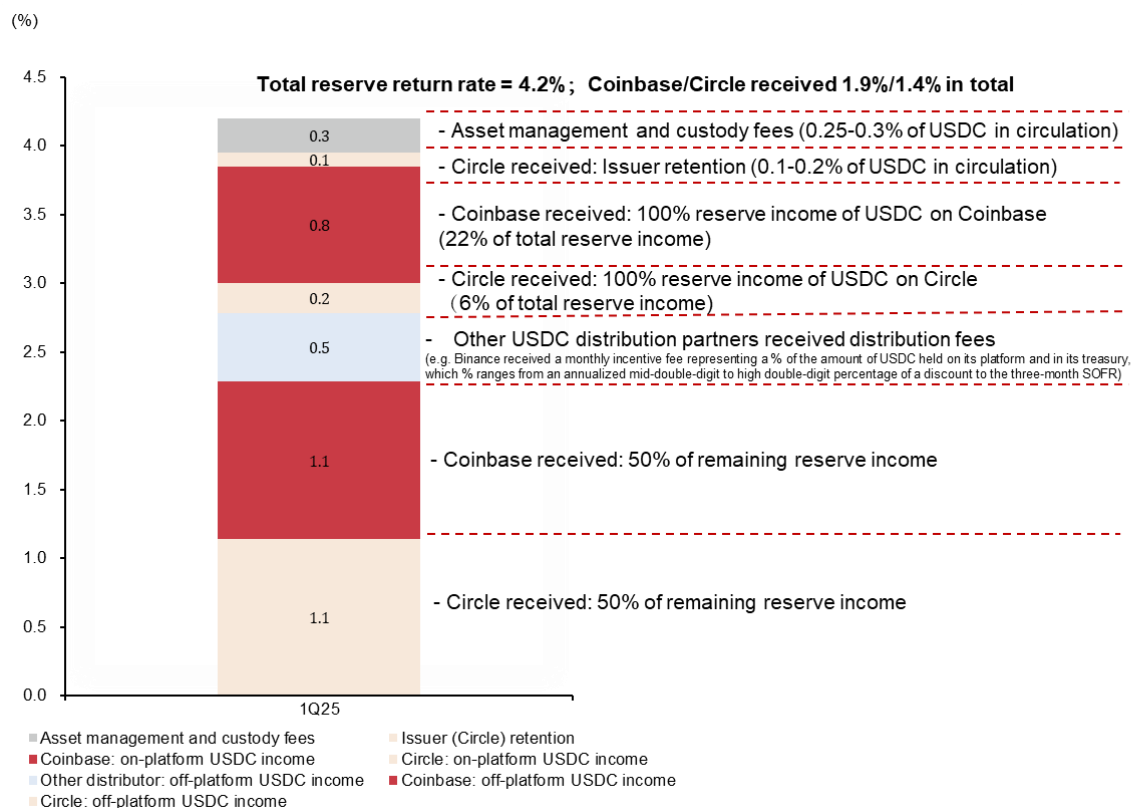
Source: Company data, CMBIGM

Figure 2: USDC in circulation breakdown



Source: Company data, CMBIGM

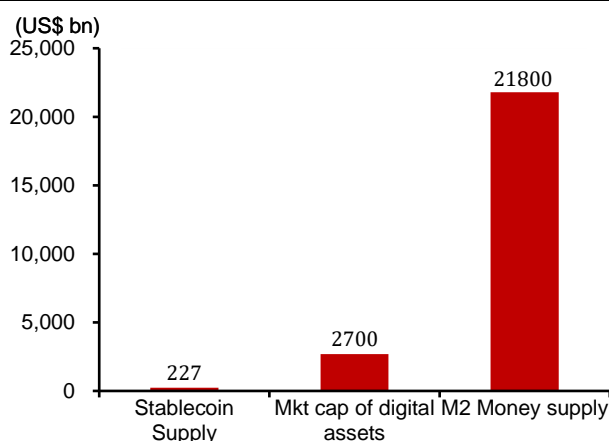
Figure 3: USDC: revenue split mechanism



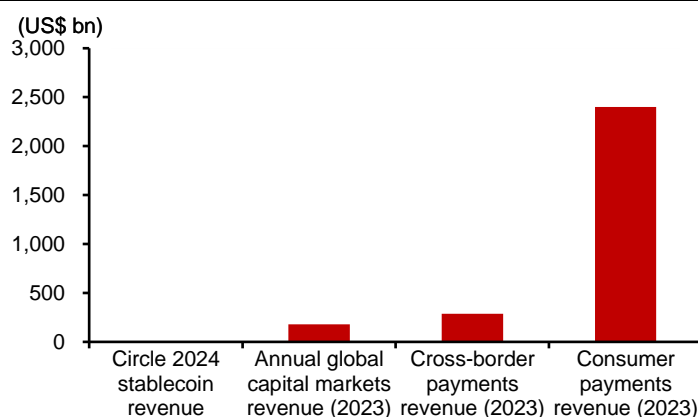
Source: Company data; CMBIGM estimates

Note: based on 1Q25 data, for illustrative purpose

Total market cap of stablecoin surpassed US\$240bn in Jun 2025, but still has a long runway compared to US M2 money stock of US\$21.8tn (as of Mar 2025 per the Federal Reserve Bank of St. Louis). We see ample opportunities ahead for stablecoin which could reduce costs and improve efficiency in different use cases: 1) payment: annual global consumer payments revenue of US\$2.4tn and international remittances & cross-border payments revenue of US\$288bn per McKinsey's 2024 Global Payments Report; 2) crypto asset investment: the market cap of all tracked digital assets was US\$2.7tn as of Mar 2025; 3) tokenization of traditional assets: annual global capital markets revenue reached US\$180bn in 2023, per S&P Global.

Figure 4: Stablecoin supply vs other assets (1Q25)

Source: The Block, CoinMarketCap, Federal Reserve Bank of St. Louis, CMBIGM

Figure 5: Stablecoin revenue vs other opportunities

Source: McKinsey, S&P Global, CMBIGM

We raise our valuation multiple of the stablecoin business while maintaining other business valuation unchanged. We now value Coinbase at US\$413.0 per share based on SOTP valuation, comprising: 1) transaction business of US\$262.5 per share (64% of total valuation) based on 24x FY25E EV/EBITDA, a premium over average EV/EBITDA of traditional exchanges/brokers (20x), given its business remains at a nascent stage with a longer growth runway; 2) custodial and asset management business of US\$17.3 per share (4% of total valuation) based on 10x FY25E EV/EBITDA (on par with asset management companies); 3) interest and stablecoin business of US\$112.3 per share (27% of total valuation) based on 18x FY25E EV/Sales, which is on par with Circle (as of 25 June); and 4) net cash of US\$20.3 per share (5% of total valuation).

Figure 6: Coinbase: SOTP valuation

	FY25E Rev	FY25E EBITDA	Methodology	Multiple	Valuation	As % of total valuation
Transaction	4,155	2,701	EV/EBITDA	24.0x	64,825	64%
Custodial, blockchain rewards and other revenue	1,221	427	EV/EBITDA	10.0x	4,272	4%
Interest Income & stablecoin revenue	1,537		EV/Sales	18.0x	27,660	27%
Enterprise Value (US\$mn)					96,758	95%
Net cash (US\$mn)					5,005	5%
Equity Value (US\$mn)					101,763	
Target Price (US\$)					413.00	

Source: CMBIGM estimates

Figure 7: 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	273.0	15.0	14.5	13.8	20.3	19.5	18.4
Interactive Broker	IBKR US	52.3	16.4	15.6	14.3	22.6	21.3	21.7
ICE	ICE US	180.5	12.4	11.8	11.2	18.8	17.6	16.7
NASDAQ	NDAQ US	88.1	11.8	11.1	10.3	20.8	19.2	17.7
Schwab	SCHW US	89.8	8.2	7.4	6.9	15.2	13.6	12.5
Average			12.8	12.1	11.3	19.5	18.2	17.4
Asset manager								
Blackrock	BLK US	1018.1	7.1	6.3	5.7	16.9	14.8	13.0
T Rowe Price	TROW US	95.0	2.7	2.6	2.5	7.2	7.3	7.2
Artisan	APAM US	43.8	3.2	3.1	NA	9.0	8.4	7.6
Franklin Resource	BEN US	23.2	1.5	1.5	1.7	7.6	6.9	6.1
Invesco	IVZ US	15.3	2.6	2.6	2.5	9.0	8.6	8.0
Apollo Global	APO US	137.7	4.1	3.6	3.0	12.7	10.6	9.4
Average			3.5	3.3	3.1	10.4	9.4	8.6

Source: Bloomberg, CMBIGM

Note: data are as of 25 Jun 2025

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US\$ mn)						
Revenue	3,194	3,108	6,564	7,209	7,655	7,994
Cost of goods sold	630	421	898	1,079	1,148	1,199
Gross profit	2,564	2,688	5,666	6,130	6,506	6,795
Operating expenses	5,275	2,849	3,359	4,116	4,353	4,508
Selling expense	510	332	654	1,075	1,148	1,199
Admin expense	1,601	1,041	1,300	1,533	1,628	1,679
R&D expense	2,326	1,325	1,468	1,408	1,470	1,519
Others	838	151	(64)	101	107	112
Operating profit	(2,710)	(162)	2,307	2,013	2,154	2,286
Other income	(265)	168	716	(383)	77	160
Net Interest income/(expense)	(89)	(83)	(81)	(124)	(153)	(160)
Pre-tax profit	(3,065)	(77)	2,943	1,506	2,077	2,286
Income tax	(440)	(172)	364	230	312	343
After tax profit	(2,625)	95	2,579	1,276	1,766	1,943
Net profit	(2,625)	95	2,579	1,276	1,766	1,943

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US\$ mn)						
Current assets	86,448	203,467	18,113	19,010	21,746	24,374
Cash & equivalents	4,425	5,139	8,544	9,201	10,932	12,884
Restricted cash	26	23	39	39	39	39
Account receivables	404	362	265	280	285	286
Other current assets	81,593	197,942	9,265	9,491	10,490	11,165
Non-current assets	3,277	3,516	4,429	5,027	5,022	4,997
PP&E	172	193	200	198	193	167
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	24,037	26,768	29,370
Current liabilities	80,815	197,714	7,941	8,160	9,126	9,785
Account payables	387	486	690	805	831	841
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	12,484	13,449	14,109
Share capital	3,768	4,492	5,366	5,366	5,366	5,366
Retained earnings	1,725	1,820	4,961	6,237	8,003	9,946
Other reserves	(39)	(30)	(50)	(50)	(50)	(50)
Total shareholders equity	5,455	6,282	10,277	11,553	13,319	15,262
Total equity and liabilities	89,725	206,983	22,542	24,037	26,768	29,370

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US\$ mn)						
Operating						
Profit before taxation	(3,065)	(77)	2,943	1,506	2,077	2,286
Depreciation & amortization	154	140	128	147	158	185
Change in working capital	(1,153)	(191)	(478)	(21)	(39)	(16)
Others	2,478	1,051	(35)	(230)	(312)	(343)
Net cash from operations	(1,585)	923	2,557	1,401	1,884	2,112
Investing						
Capital expenditure	(64)	(63)	0	(144)	(153)	(160)
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)	(744)	(153)	(160)
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	9,201	10,932
Exchange difference	(163)	9	(48)	0	0	0
Cash at the end of the year	4,425	5,139	8,544	9,201	10,932	12,884
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	(59.3%)	(2.7%)	111.2%	9.8%	6.2%	4.4%
Gross profit	(61.0%)	4.8%	110.8%	8.2%	6.1%	4.4%
Operating profit	na	na	na	(12.7%)	7.0%	6.1%
Net profit	na	na	2,618.5%	(50.5%)	38.4%	10.1%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	80.3%	86.5%	86.3%	85.0%	85.0%	85.0%
Operating margin	(84.8%)	(5.2%)	35.1%	27.9%	28.1%	28.6%
Return on equity (ROE)	(44.4%)	1.6%	31.2%	11.7%	14.2%	13.6%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Current ratio (x)	1.1	1.0	2.3	2.3	2.4	2.5
Receivable turnover days	3.0	2.7	2.1	2.0	1.8	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	932.2	36.0	75.4	55.6	51.5
P/E (diluted)	ns	1,005.7	39.8	80.5	59.4	55.0
P/B	15.3	14.1	9.0	8.3	7.4	6.6

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

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