

Coinbase

Sept 27

Coinbase has declined from its previous highs of \$270 per share amid a general market and Bitcoin sell-off. While both Bitcoin and the broader markets have since rebounded, Coinbase remains trading below \$200 per share.

## Fundamentals

The company has released earnings three times this year, in February, May, and August. Each report has generally shown strong performance, though the Q2 results slightly missed earnings per share (EPS) expectations.

### Earnings History

Period	EPS	Beat / Miss	Revenue	YoY	Beat / Miss
▼ FQ2 2024 (Jun 2024)	0.14	-0.66	1.45B	104.78%	85.16M
▼ FQ1 2024 (Mar 2024)	4.40	3.13	1.64B	111.98%	265.79M
▼ FQ4 2023 (Dec 2023)	1.04	0.84	953.80M	51.61%	134.86M
▼ FQ3 2023 (Sep 2023)	-0.01	0.53	674.15M	14.20%	22.28M
▼ FQ2 2023 (Jun 2023)	-0.42	0.34	707.91M	-12.42%	71.91M
▼ FQ1 2023 (Mar 2023)	-0.34	1.42	772.53M	-33.77%	118.57M
▼ FQ4 2022 (Dec 2022)	-2.66	-1.25	629.11M	-74.82%	42.45M
▼ FQ3 2022 (Sep 2022)	-2.15	-0.68	590.34M	-55.00%	-51.54M
▼ FQ2 2022 (Jun 2022)	-0.87	0.36	808.33M	-63.72%	-60.06M
▼ FQ1 2022 (Mar 2022)	-0.12	-1.02	1.17B	-35.24%	-309.61M

These results, especially the strong top-line growth, were primarily fueled by improved sentiment in the cryptocurrency market, leading to a significant surge in transaction-based revenue.

## Total Revenue (\$M)

TOTAL REVENUE	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
<b>Transaction Revenue</b>					
Consumer, net <sup>1</sup>	289.0	247.0	468.9	935.2	664.8
Institutional, net	17.1	14.1	36.7	85.4	63.6
Other transaction revenue <sup>1</sup>	21.1	27.5	23.6	56.1	52.5
<b>Total transaction revenue</b>	<b>327.1</b>	<b>288.6</b>	<b>529.3</b>	<b>1,076.7</b>	<b>780.9</b>
<b>Subscription and services revenue</b>					
Stablecoin revenue	151.4	172.4	171.6	197.3	240.4
Blockchain rewards	87.6	74.5	95.1	150.9	185.1
Interest and finance fee income <sup>2</sup>	51.9	42.5	48.9	66.7	69.4
Custodial fee revenue	17.0	15.8	19.7	32.3	34.5
Other subscription and services revenue <sup>2</sup>	27.5	29.3	40.1	63.7	69.6
<b>Total subscription and services revenue</b>	<b>335.4</b>	<b>334.4</b>	<b>375.4</b>	<b>510.9</b>	<b>599.0</b>
<b>Net Revenue</b>	<b>662.5</b>	<b>623.0</b>	<b>904.6</b>	<b>1,587.7</b>	<b>1,379.9</b>
Corporate interest and other income	45.4	51.1	49.2	49.9	69.7
<b>Total Revenue</b>	<b>707.9</b>	<b>674.1</b>	<b>953.8</b>	<b>1,637.6</b>	<b>1,449.6</b>

The revenue increase follows a linear trend that can easily be represented on a graph. As shown below, higher prices, along with increased trading volumes at those elevated prices, particularly at the beginning of 2024, significantly boosted COIN's revenues.

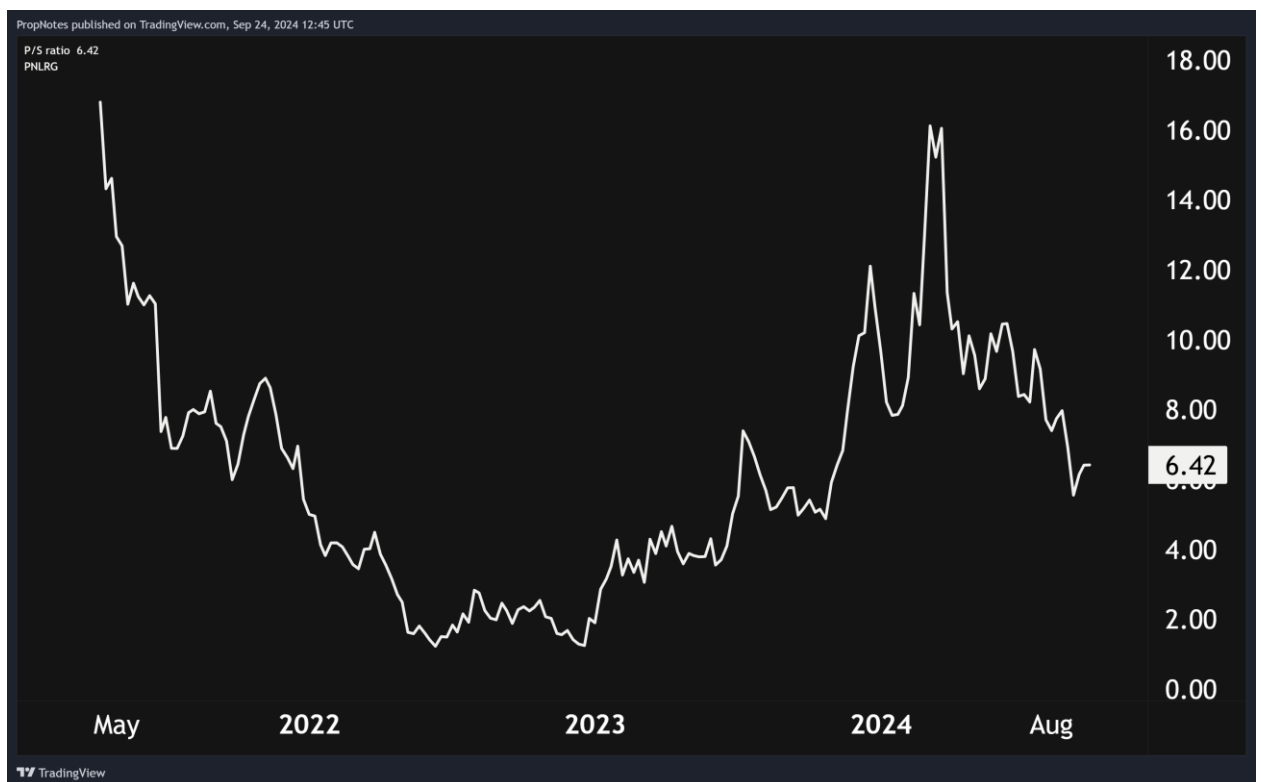


It's evident that a portion of COIN's revenue remains closely tied to cryptocurrency prices and overall market interest. However, both price and volume have seen a decline, which largely explains why the stock has dropped by 100 points, falling from the \$270 range to around \$170 in recent months.



## Valuation

### Coinbase P/S ratio



## Risks

- **Regulatory:** The SEC has been notably uncooperative with the crypto industry as a whole.
- The cryptocurrency market remains highly volatile, and a significant portion of COIN's revenue is inherently linked to the overall success of the crypto space.

**Upside:**

- A potential Trump victory could provide regulatory relief or market optimism for the industry.
- Strong Q3 results are anticipated, which could offer further upside for the stock.



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Email: [info@investclub.pro](mailto:info@investclub.pro)

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