

A close-up photograph of a smartphone screen displaying the Coinbase logo. The logo consists of the word "coinbase" in a white, lowercase, sans-serif font, centered on a blue rectangular background. The phone is tilted, and the background is a blurred image of a financial data table with various numbers and currency symbols in shades of blue.

coinbase

# Company Background - Armaan

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- **The Business**

- Cryptocurrency exchange and financial services platform for buying, selling, and storing digital assets.
- Services: trading, wallet solutions, staking, institutional trading, and developer tools.
- Revenue streams: transaction fees, subscriptions, and interest on custodial funds.

- **Origin/History**

- Founded in 2012 by Brian Armstrong and Fred Ehrsam to simplify Bitcoin trading.
- Played a pivotal role during the 2017 cryptocurrency boom, becoming one of the most downloaded apps on the App Store as interest in Bitcoin and other cryptocurrencies surged globally.
- First crypto exchange to go public via direct listing on NASDAQ (April 14, 2021, ticker: COIN).

- **Management Team**

- Brian Armstrong: Co-founder & CEO, Computer Science graduate from Rice University.
- Emilie Choi: President & COO, manages operations and strategy, former LinkedIn executive.
- Alesia Haas: CFO, with experience in banking and asset management.

- **Competitive Advantages & Disadvantages**

- Advantages: early mover with strong brand recognition, comprehensive platform for retail and institutional users, secure wallet and storage solutions.
- Challenges: Heavy reliance on transaction fees; affected by market volatility, fierce competition from both centralized and decentralized platforms, regulatory uncertainty in multiple markets.

# Financials, Valuation, and Outlook - James, Vishnu, Riley

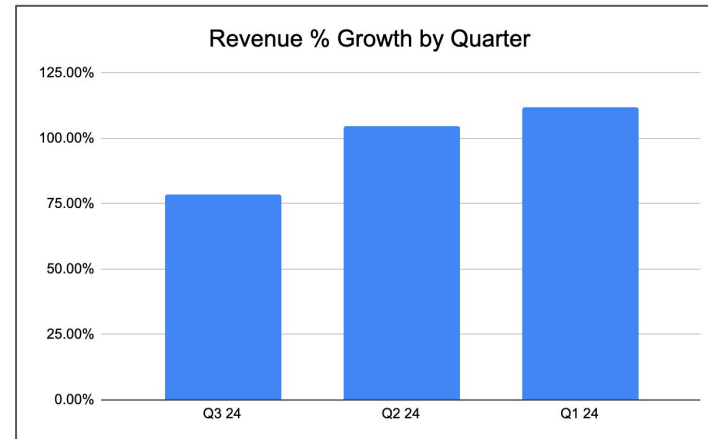
## Current Financials

- Current Price
  - \$309.35
- Market Cap
  - 77.45B
- Trailing PE
  - 50.29
- EV/Revenue
  - 12.55
- EV/EBITDA
  - 36.97
- Net Income
  - \$94,871,000

## Future Expectations

- Forward PE
  - 67.57
- PEG Ratio (PE/Annual EPS Growth)
  - **0.85**

|                          | Current | 9/30/2024 | 6/30/2024 | 3/31/2024 | 12/31/2023 | 9/30/2023 |
|--------------------------|---------|-----------|-----------|-----------|------------|-----------|
| Market Cap               | 74.15B  | 44.27B    | 54.57B    | 64.23B    | 41.61B     | 17.81B    |
| Enterprise Value         | 65.86B  | 36.26B    | 46.29B    | 56.94B    | 35.73B     | 11.83B    |
| Trailing P/E             | 50.29   | 31.70     | 43.49     | 716.54    | --         | --        |
| Forward P/E              | 67.57   | 45.87     | 31.35     | 222.22    | --         | --        |
| PEG Ratio (5yr expected) | 0.85    | 0.59      | 0.41      | --        | --         | --        |
| Price/Sales              | 15.96   | 10.33     | 14.74     | 21.70     | 14.53      | 6.37      |
| Price/Book               | 8.50    | 5.29      | 6.84      | 10.36     | 7.11       | 3.12      |
| Enterprise Value/Revenue | 12.55   | 7.69      | 11.65     | 18.32     | 12.83      | 4.38      |
| Enterprise Value/EBITDA  | 36.97   | 20.73     | 26.69     | 391.17    | 216.50     | 179.31    |



# Products/Relevant Technologies - Nathan

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## Products

- Coinbase app, buying and trading of cryptocurrencies
- Coinbase Wallet, stores all cryptocurrencies from multiple wallets in a centralized place
- NFT Marketplace, showcases NFTs and sells cryptocurrencies
- USDC, stablecoin that makes it easy to undergo transactions on the Coinbase platform and crypto economy
- Learning Rewards, incentivizes learning about crypto
- Ventures, invests in like-minded founders, economic freedom. Collaborate during investing

## Technologies

- Base: cool technology that reduces transaction costs of blockchain on Ethereum, and increases processing speed while still leveraging Ethereum's security
- Developer platform: Provides developers with suite of tools to work with blockchain technology and integrate it into applications, tools like SDK and API, payment gateways for businesses
- Onramp: lowers the barrier for businesses to adopt cryptocurrencies and integrate them into their operations, supporting the mainstream adoption of digital assets.

Today, Coinbase Tech and Products are popular, seeing user increase

# Peer Comparison - Daniel

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## Binance

- World's largest cryptocurrency exchange by trading volume, offering a vast selection of cryptocurrencies and advanced trading options like futures and margin trading

## Kraken

- U.S.-based cryptocurrency exchange known for its security, regulatory compliance, and features like staking and futures trading

## Gemini

- Another U.S.-based cryptocurrency exchange and custodian focusing on regulatory compliance and institutional-grade security

## Stock Comparison

- None of the peer comparison companies are publicly traded, so they aren't offered on any stock exchange
- Coinbase's status as a publicly traded company provides transparency through regular financial disclosures
- Its listing on the Nasdaq offers liquidity and accessibility for individual and institutional investors, making it a more tangible investment opportunity compared to its private competitors

# Macro/Policy/Market Outlook - Devesh

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- **Macro Environment**
  - Rising inflation and geopolitical uncertainties are driving increased interest in cryptocurrencies as alternative assets.
  - Economic volatility may impact trading volumes, but long-term demand for decentralized financial systems remains strong.
- **Regulatory Landscape**
  - U.S. regulatory scrutiny is intensifying, with the SEC focusing on crypto exchange compliance and the IRS tightening tax reporting requirements.
  - Globally, regulations are mixed: the EU's MiCA framework aims to foster innovation, while regions like China impose strict bans on crypto activities.
  - Navigating diverse regulatory environments is critical for Coinbase's growth.
  - President-Elect Trump coined himself the “pro-crypto” candidate, so Coinbase can seize on this opportunity during his second term
- **Market Dynamics**
  - Competition from new exchanges and decentralized finance (DeFi) platforms is increasing.
  - Despite competition, Coinbase maintains a leading position due to its security, user-friendly interface, and regulatory compliance.
  - The company's diversification strategy—offering staking, custody, and institutional services—positions it well for sustainable growth.

# Bull/Bear Scenario - Adam, Margaret

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- **Bull Scenario:**

- Policy Changes - companies like Coinbase responds quickly to policy changes that impact cryptocurrency. The new administration seems favorable to crypto enthusiasts
- Strong brand image - despite growing competition, Coinbase has already established its name on the market
- Growth/Diversification - currently expanding its technological capabilities and looking to diversify its products

- **Bear Scenario**

- Increasing Competition - as the market becomes more saturated with financial institutions entering the crypto space, Coinbase must continuously innovate to have a competitive edge
- Potential Lawsuits - Coinbase facing lawsuits from the SEC regarding the security of trading cryptocurrency, decreasing investor confidence and stock reliability

# Conclusion - Justin

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- Coinbase operates a crypto exchange platform that offers many different products: the Coinbase app to buy and trade crypto, a wallet to safely store it, a marketplace to showcase and sell currencies, and more
- Very beginner friendly with its easily navigable user interface
- Supports 260+ currencies
- Relatively cheap to buy/sell on the app
- Offers premium version Coinbase Pro for cheaper fees and more trading options
- Diversification makes it have steady, strong growth for the future