

Robinhood



Robinhood Markets Inc.

NASDAQ: HOOD



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I. Executive Summary

Executive Summary



The team recommends a **LONG** position for Robinhood (HOOD) with a target price of **\$132.24**, implying a 59.8% return

Company

Robinhood 

Current Price: \$82.58

Robinhood Markets is a financial technology platform offering commission-free trading, margin lending, banking services, and cryptocurrency access, generating revenue through payment-for-order-flow, net interest income, and subscription services.

Valuation

Implied Share Price Calculation:

WACC	5.9%
Implied Enterprise Value	\$127.78B
Implied Equity Value.	\$116.37B
Implied Share Price	\$132.24
Premium to Current Price	59.8%

Implied Y1 Multiples

EV/Revenue	7.05x
EV/EBITDA	26.7x
EV/EBIT	19.5x

Investment Thesis

Robinhood's evolution into a financial ecosystem uniquely positioned to capture generational wealth transfer. Through a wide offering of products and industry defining innovations, Robinhood is building a platform where younger generations and their families can trade, bank, save, and invest in one place, creating sustainable competitive advantages and differentiating themselves among other brokerage firms.



II. Company Overview

Company Overview



Overview

Founded: 2013

Headquarters: Menlo Park, CA

CEO: Vladimir Tenev, Co-founder and Chairman

Employees: 2,300



Description: A financial technology company that operates a popular trading platform. It provides commission-free trading for stocks, ETFs, options, and cryptocurrencies.

Market Position: Major player in the retail brokerage space known for innovative strategies like allowing fractional share purchases. Recently expanded into the crypto and predictive market spaces. Positioned to capture market share and AUC from legacy platforms.

Key Metrics

Current Share Price: \$82.58	EPS (TTM): \$2.40	AUC: 333B
52-Wk Range: \$29 - \$153	PE Ratio (TTM): 34.48x	Funded Custom.: 26.8M
Market Cap: \$74.47B	Revenue (TTM): 4.2B	Net Deposits: 20.4B
Beta (5Y Monthly): 2.44	Net Income (TTM): 2.2B	Dividend & Yield: 0%

Recent Acquisitions

Bitstamp



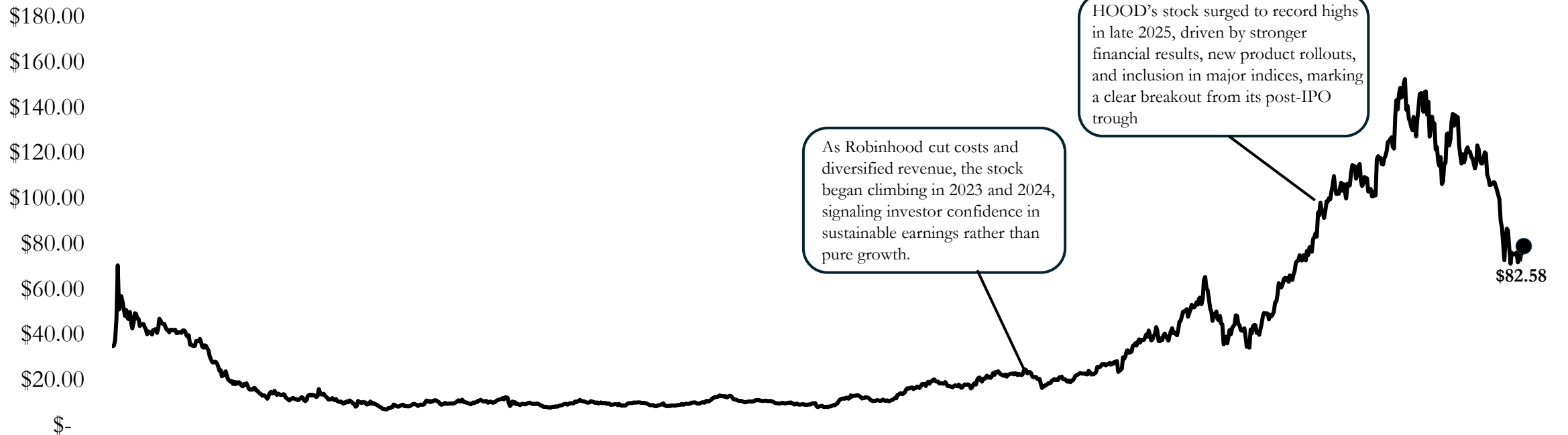
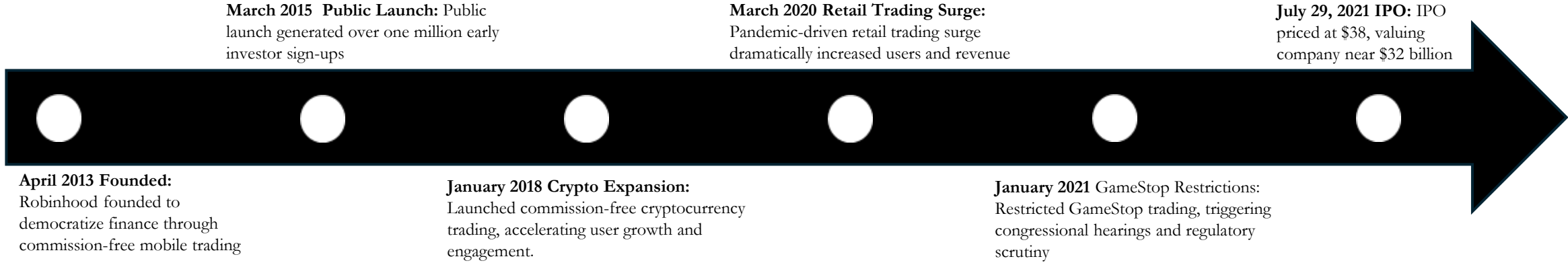
Connection to Israel

Provides retail access to 40+ Israeli ADRs, including market leaders like Teva (TEVA), CyberArk (CYBR), and Wix (WIX)

Supports key Israel-focused ETFs: EIS, IZRL, ITEQ

Partners with Fireblocks (Israeli crypto infrastructure unicorn) for crypto custody, leveraging Israeli fintech and cybersecurity expertise

Key Milestones





Payment for Order Flow (PFOF)

Stocks	ETFs	Options	Crypto
Margin Loans ~12% APR	Indexes	Futures	Robinhood Legend

Robinhood Gold

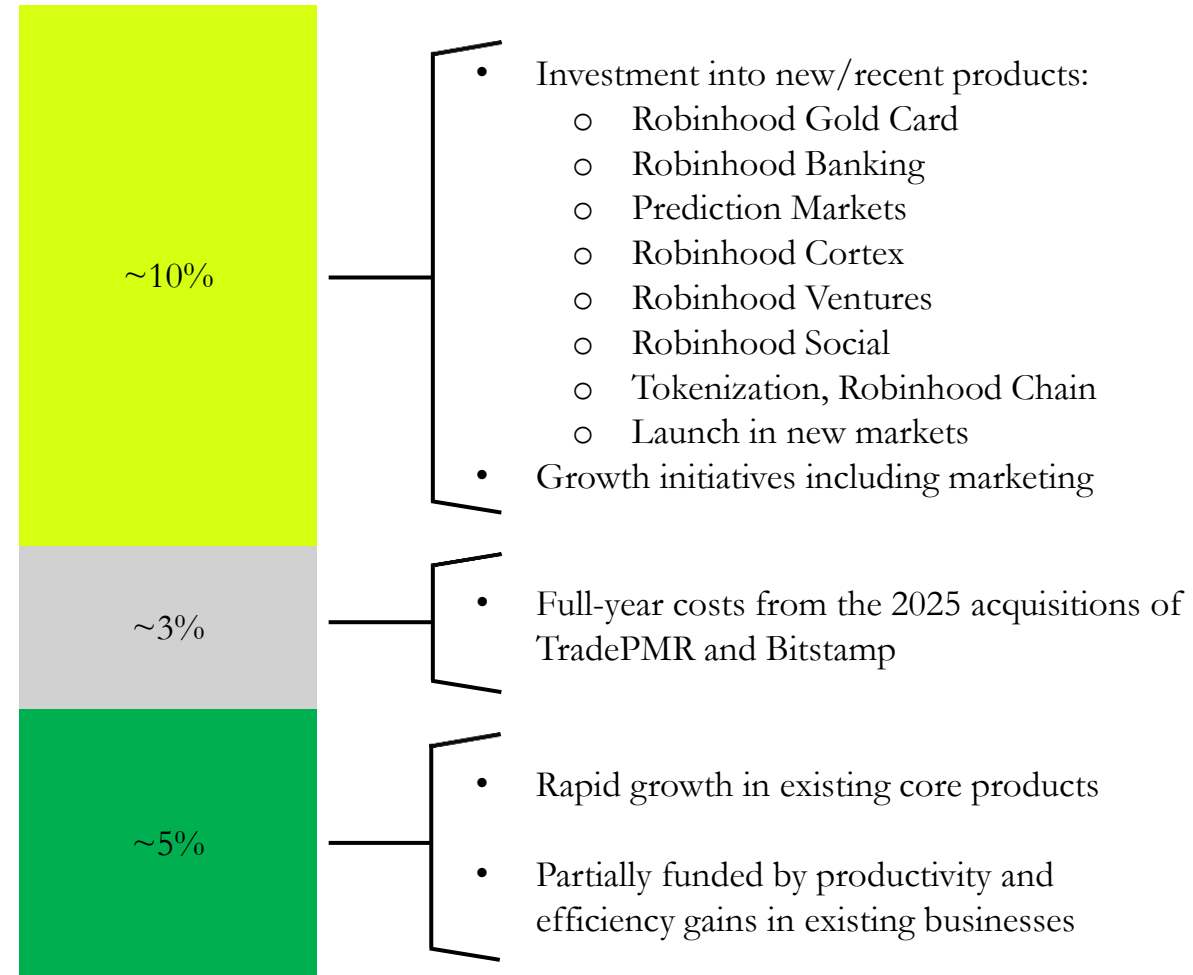
3.25% APY on cash	3% IRA Match	Trading (lower fees)	Research
Gold Card 3% Cash Back	2.5M FIDC Cash Sweep	Mgt. Fees Cap \$250/year	Cortex
Banking Private Bank	Banking 3.5% APY on cash	Up to \$2.5M FDIC ins.	Preferential Mortgage

\$200M
Ann. Q4'25

4.18M
Subscribers

+58%
(1.5M) Y/Y

2026 Expense Growth Outlook





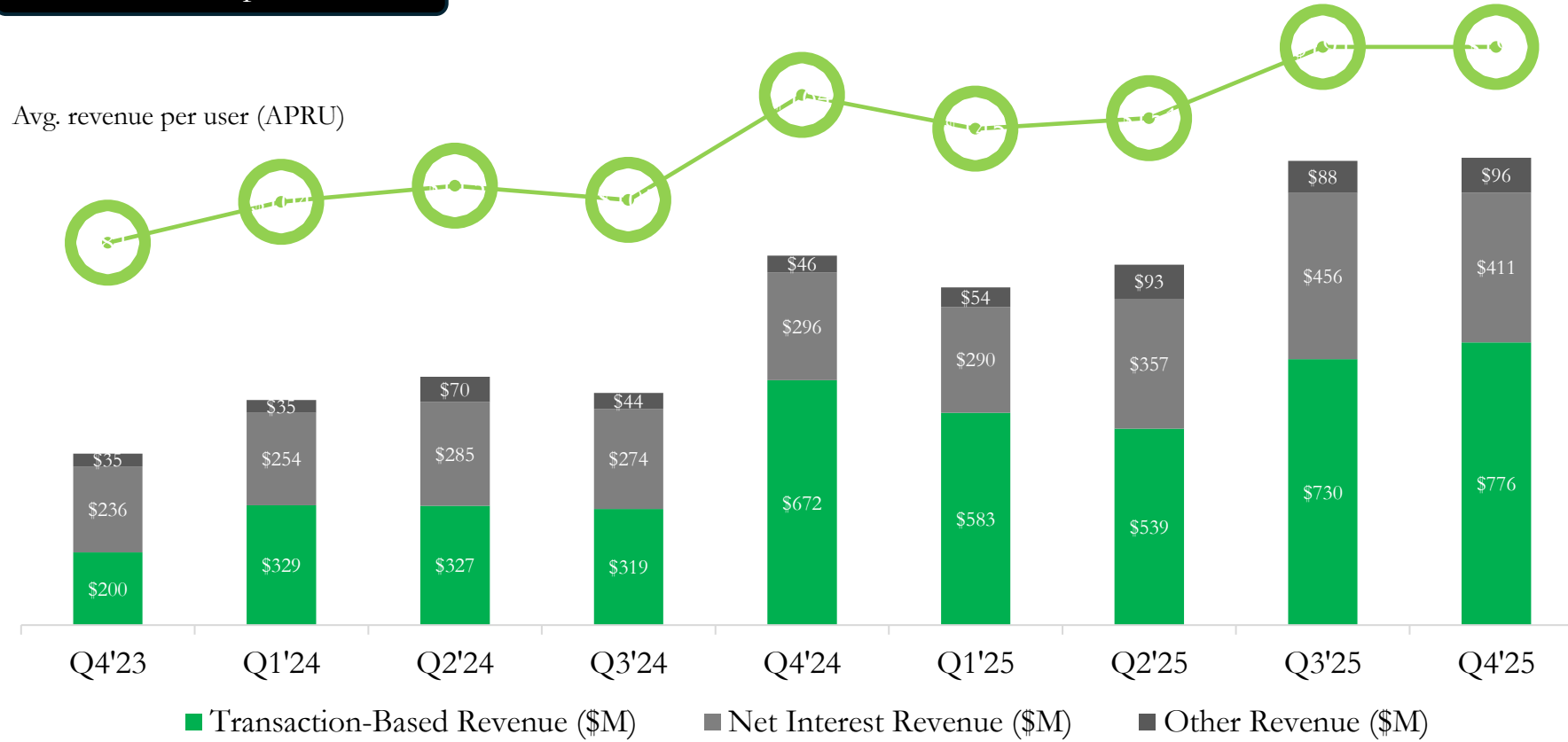
TAMID GROUP
AT MIAMI

Financial Performance



Total net revenues were up 27% year-over-year to a record \$1.3 billion in Q4

In millions, except for ARPU

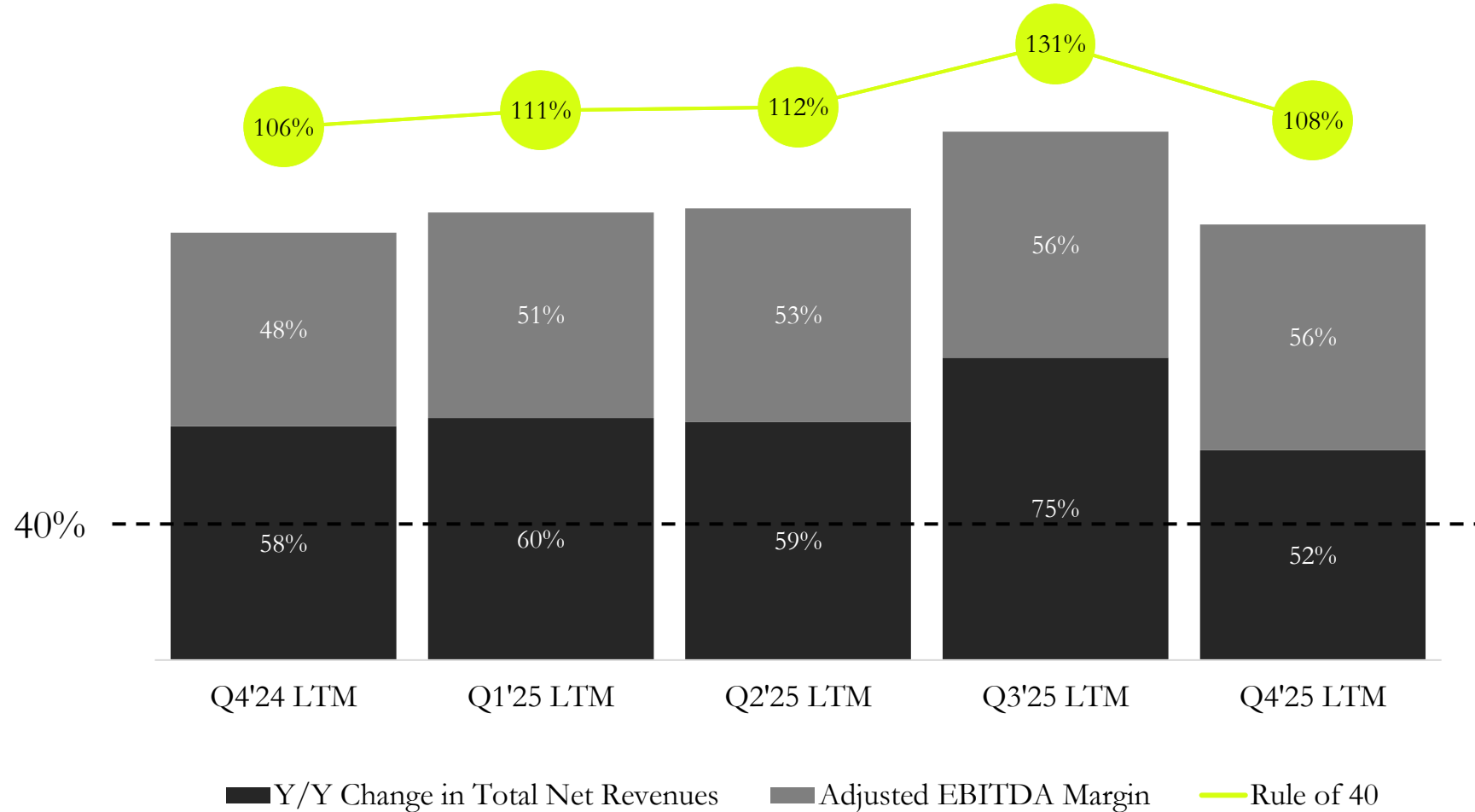


Year-over-year change	Sequential change
+27%	+1%
+109%	+9%
+39%	(10%)
+15%	+6%

Financial Performance Cont.



The Rule of 40 demonstrates the power of Robinhood's business model





III. Industry Overview



Overview of US Brokerage Market

- US retail brokerage AUM reached \$45+ trillion in 2024
- Commission-free trading became industry standard post-2019
- Rev. models: PFOF, interest on cash, subscriptions, lending
- CAGR 2023-2032 US Brokerage: 10.6%, 11.7B to 31.1B
- CAGR 2024-2033 US Crypto: 7.5%, 2.3B to 5.5B

Trends and New Developments

- Extended trading hours (24/5, 24/7) expanding market access
- Crypto institutionalization through spot ETF offerings
- AI assistants and robo-advisors gaining adoption
- Prediction markets are emerging as a new asset class
- Social/copy trading features proliferating

Tailwinds

- 1 Generational Wealth Transfer:** \$84 trillion transferring to Millennials/Gen Z by 2045, favoring digital-first platforms
- 2 Democratization of Finance:** Fractional shares and low minimums expanding retail participation
- 3 Crypto Adoption:** Institutional and retail crypto trading creating new revenue streams

Headwinds

- 1 Regulatory Scrutiny:** SEC examining PFOF - potential ban threatens revenue; strict requirements and tighter margins
- 2 Interest Rate Sensitivity:** Falling rates reduce net interest income (can affect +20% of revenue)
- 3 Market Volatility:** Trading slowdowns during bear markets impact transaction revenue

Competitive Landscape



Most Assets Under Custody

charles SCHWAB



Vanguard

J.P.Morgan
WEALTH MANAGEMENT

Legacy

Newcomer

E*TRADE[®]
from Morgan Stanley

Interactive
Brokers

coinbase



crypto.com

Less Assets Under Custody

SoFi

Webull

★ SoFi and Webull are included as neobank/neobroker comps despite lower AUC



IV. Investment Thesis

Investment Thesis



Robinhood is transitioning from simply a trading app to a full financial ecosystem with a suite of interconnected products



Robinhood is a high-growth, high-margin platform misunderstood as a cyclical trading business



Robinhood's strong liquidity and capital-light model provide meaningful strategic flexibility, enabling the company to opportunistically allocate capital across reinvestment, acquisitions, and shareholder returns

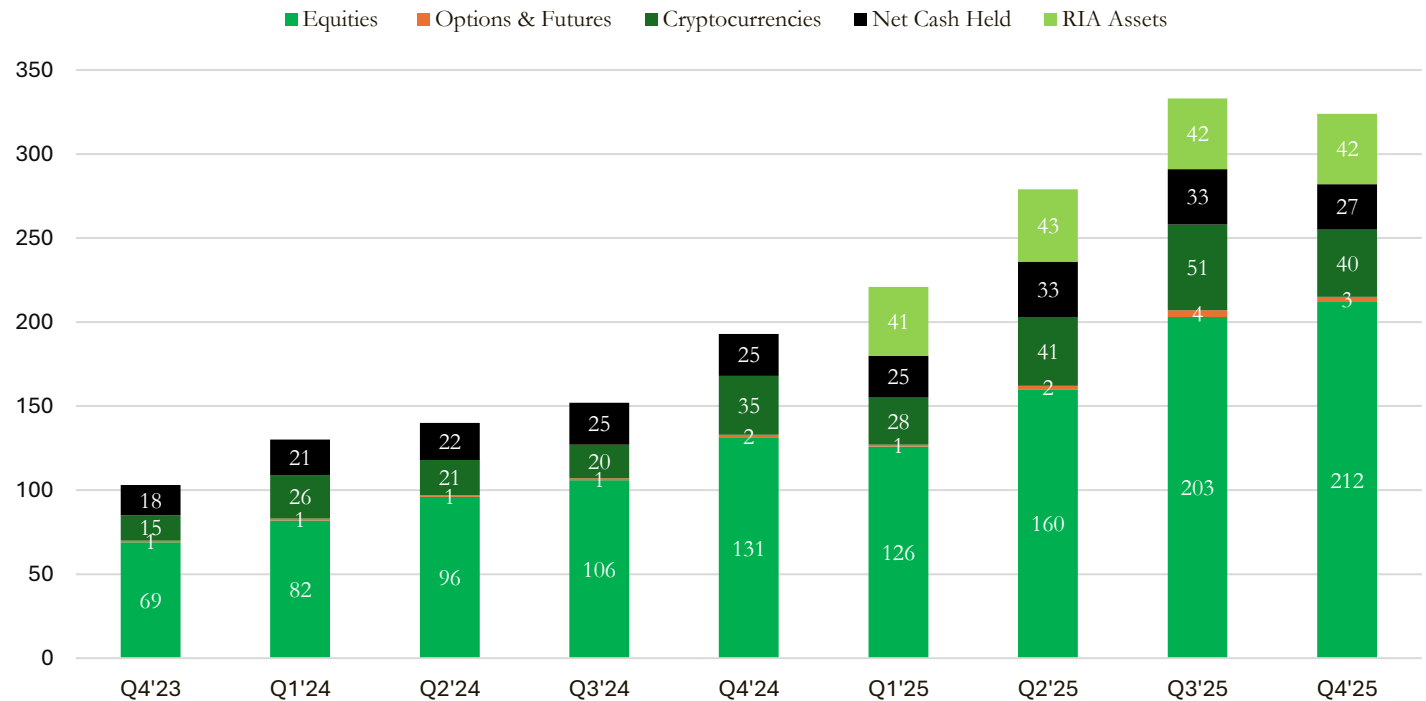


Robinhood 10 Year Vision

2025 priorities	2026 priorities
#1 in Active Traders	
<ol style="list-style-type: none"> Social Trading Idx Opt, Futures, Event Contracts Robinhood Legend 	<ol style="list-style-type: none"> Prediction Markets SuperApp design Cortex, Social
#1 in Wallet Share for Next Gen	
<ol style="list-style-type: none"> Advisory, Banking Scaling Gold Card Matches, deposit and activation incentives 	<ol style="list-style-type: none"> Family Investing Private Markets
#1 Global Financial Ecosystem	
<ol style="list-style-type: none"> Derivatives in UK, APAC launch, + markets Multi-currency accounts, Stablecoin, Tokenization ISAs and SIPPs in UK 	<ol style="list-style-type: none"> Tokenization, Robinhood Chain Launch in new markets

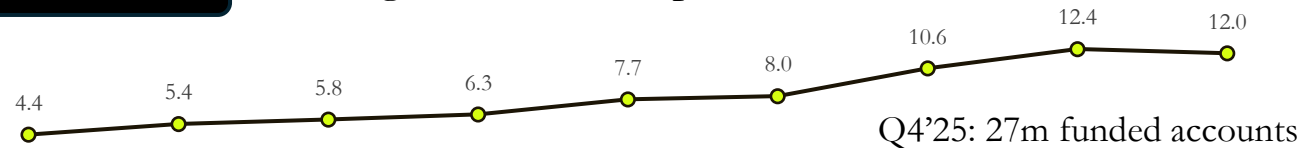
In billions

Total Platform Assets



In thousands

Average Total Assets per Funded Customer



Q4'25: 27m funded accounts

Thesis 2 – Misunderstood Platform



Revenue Scaling Creates Operating Leverage

- Platform operates on a largely fixed cost infrastructure
- Incremental revenue flows through at higher contribution margins

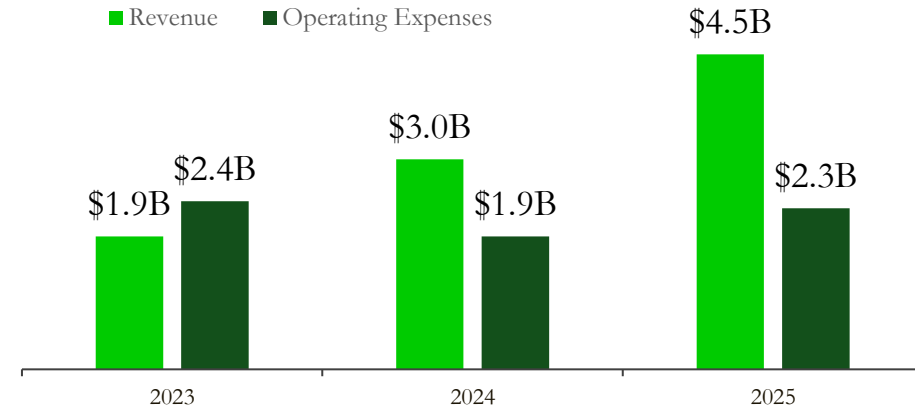
Cost Discipline Post-2022 Restructuring

- Headcount rationalization and controlled SBC issuance
- Operating expenses stabilizing

Earnings Inflection Drives Shareholder Value

- Operating income expansion
- Margin expansion supports multiple re-rating potential

Revenue increasing compared to Operating Expenses



Strong EPS Growth

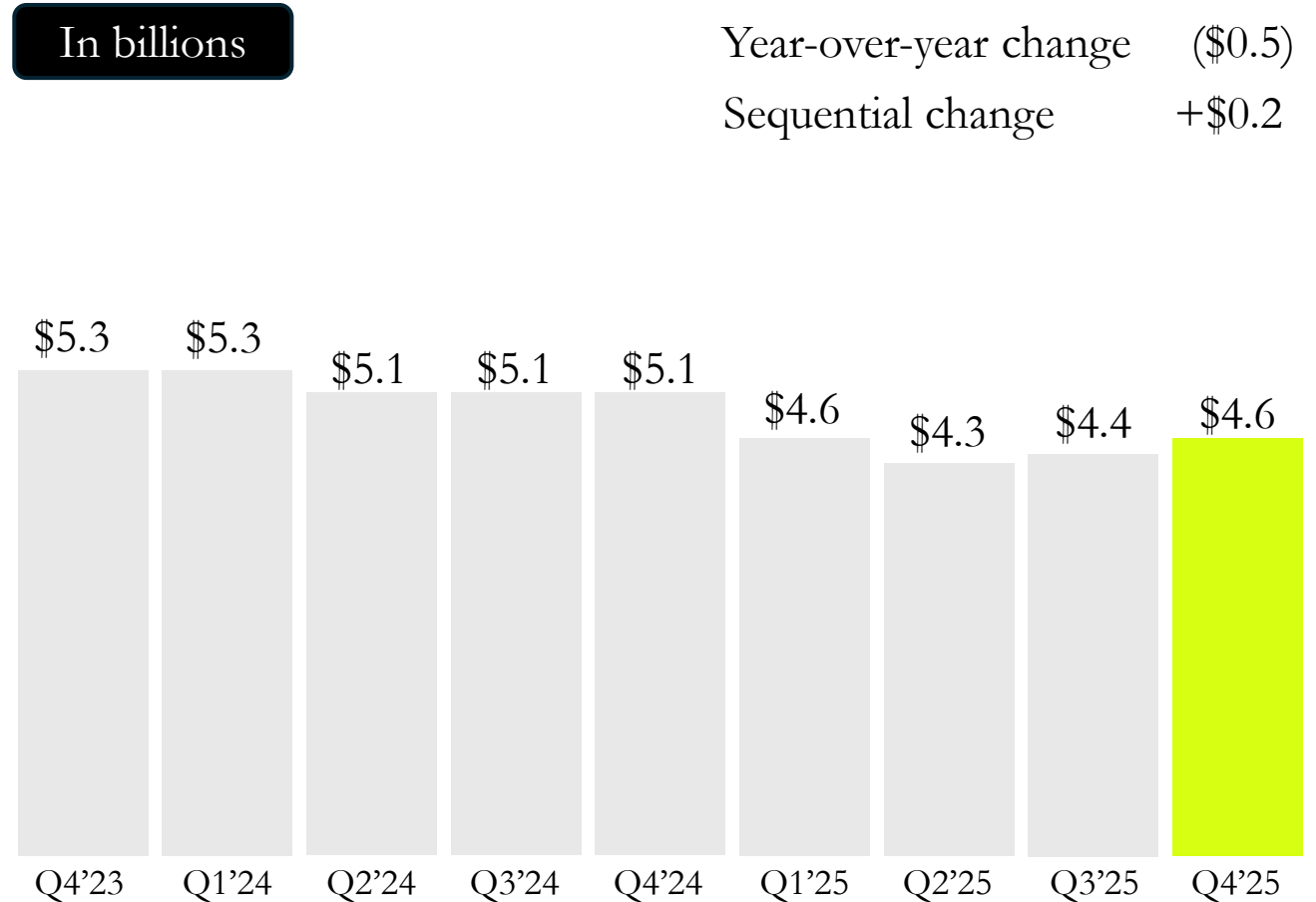


Thesis 3 – Strong Liquidity



With over \$4B in corporate cash, investments, and stablecoin, HOOD is well positioned to continue deploying capital

- Robinhood’s balance sheet remains strong with \$4.6 billion of corporate cash, investments, and stablecoin, as well as \$3.8 billion in available lines of credit
- The strength of Robinhood’s balance sheet gives them the flexibility to run their business while investing for future growth
- Robinhood should look to drive growth and shareholder value by allocating capital across:
 - Organic Growth
 - M&A
 - Shareholder Returns





V. Risks and Mitigants

Risks and Mitigants



HOOD mitigates risk with strategic measures: new manufacturers, diversified markets, increased R&D, and low doses

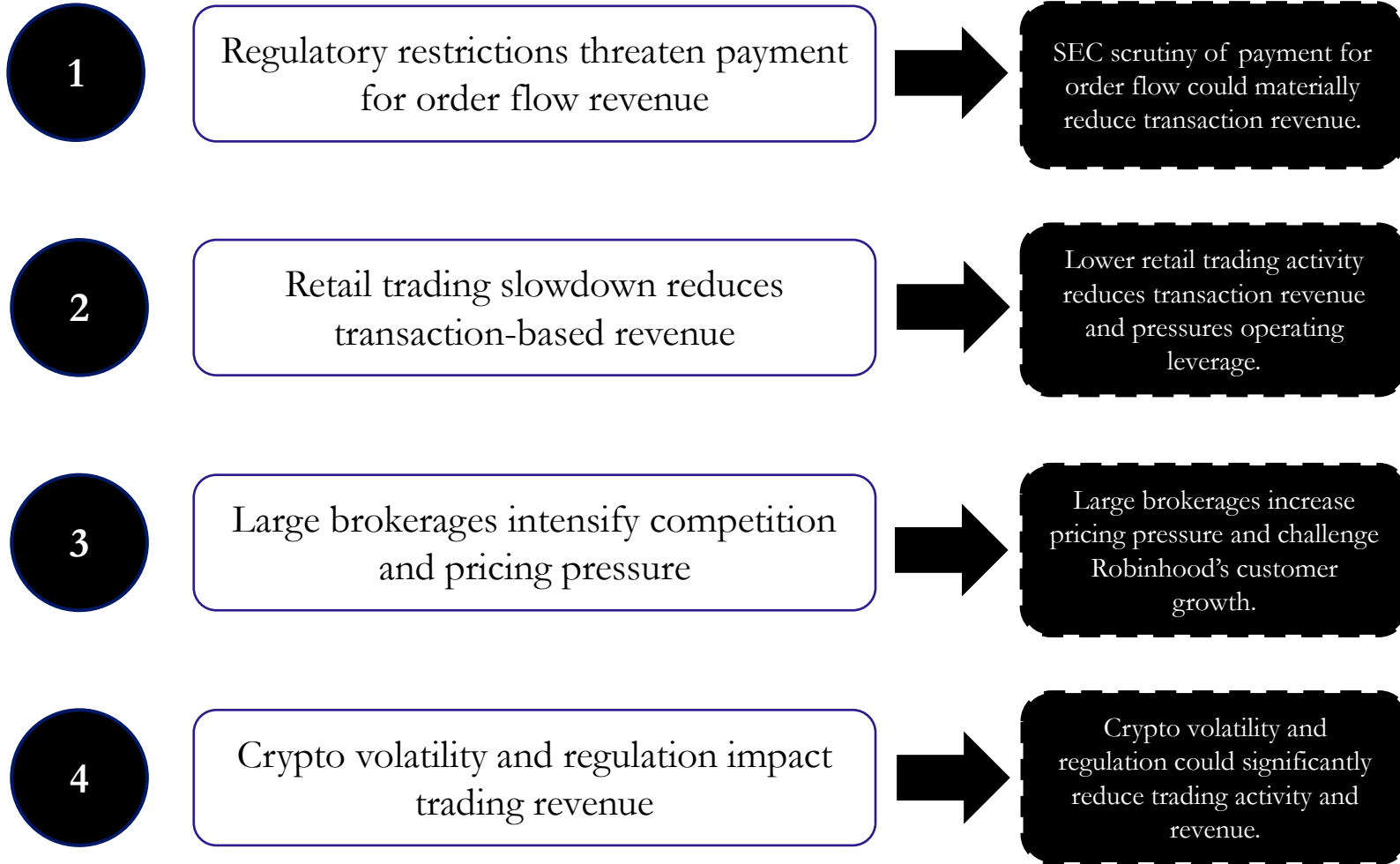
Risks

Mitigants

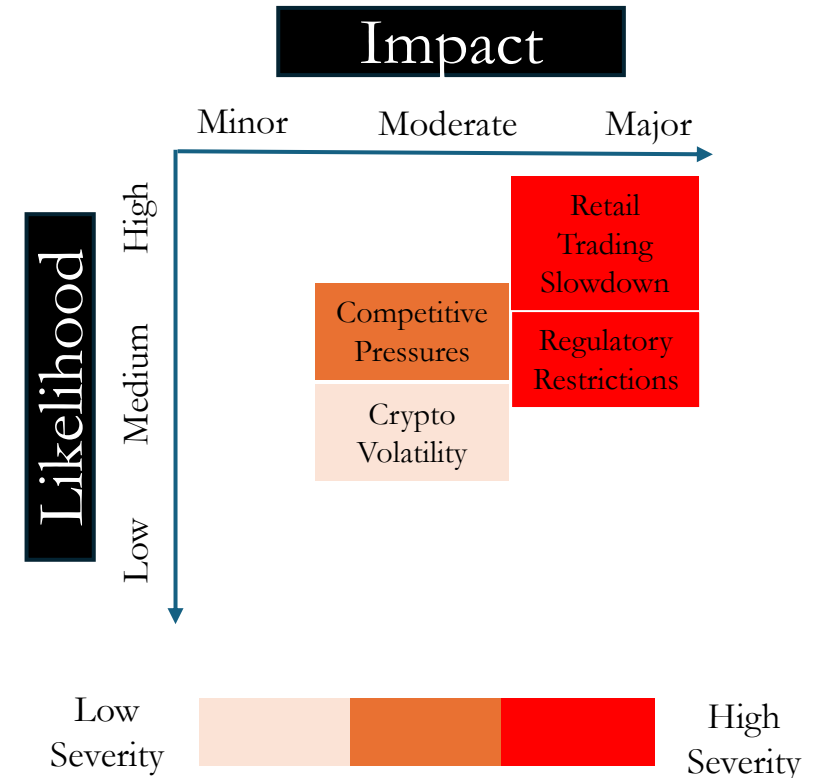
- 1 Regulatory restrictions threaten payment for order flow revenue
- 2 Retail trading slowdown reduces transaction-based revenue
- 3 Large brokerages intensify competition and pricing pressure
- 4 Crypto volatility and regulation impact trading revenue

- 1 Diversifying revenue beyond payment for order flow
- 2 Recurring interest income stabilizes earnings base
- 3 Strong brand and superior user experience differentiation
- 4 Expanding products reduces reliance on crypto cycles

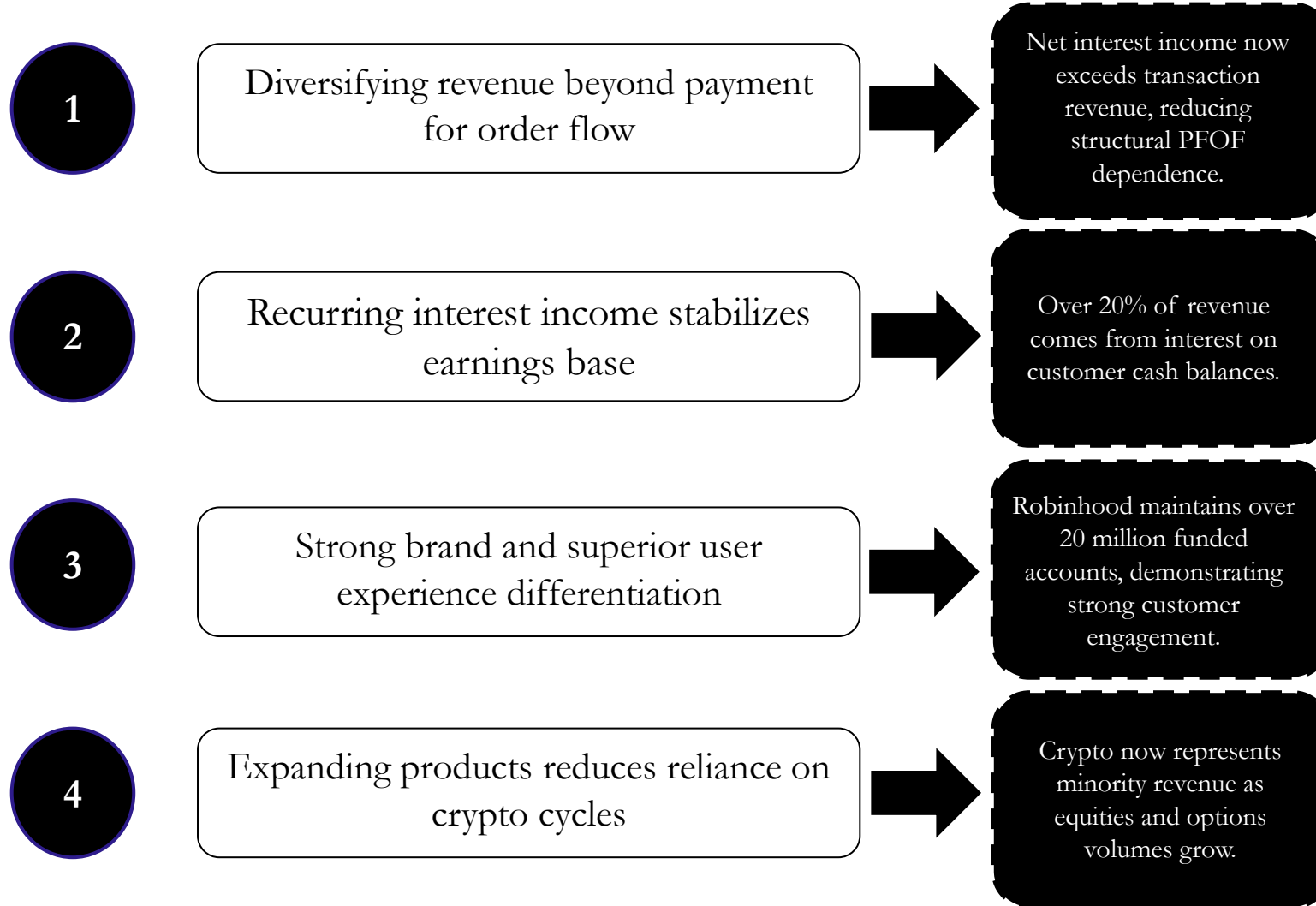
Risks



Risk Matrix



Mitigants





VI. Valuation

Free Cash Flow Projections & Assumptions



(\$ in millions)	HISTORICAL				PROJECTED						Operating Assumptions	
	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E			
Revenue	\$ 1,358	\$ 1,865	\$ 2,951	\$ 4,473	\$6,486	\$8,432	\$10,961	\$13,701	\$16,442	COGS:	7.6%	
% Growth		37.33%	58.23%	51.58%	45.00%	30.00%	30.00%	25.00%	20.00%	R&D	20.0%	
(-) COGS	\$ (371)	\$ (262)	\$ (276)	\$ (341)	\$ (494)	\$ (643)	\$ (836)	\$ (1,045)	\$ (1,253)	D&A:	2.0%	
% Margin	27.32%	14.05%	9.35%	7.62%	7.62%	7.62%	7.62%	7.62%	7.62%	Taxes:	20.0%	
Gross Profit	\$ 987	\$ 1,603	\$ 2,675	\$ 4,132	\$5,991	\$7,789	\$10,125	\$12,657	\$15,188	NWC:	1.0%	
% Margin	72.68%	85.95%	90.65%	92.38%	92.38%	92.38%	92.38%	92.38%	92.38%	WACC:	5.9%	
(-) SG&A	\$ (1,932)	\$ (2,096)	\$ (1,545)	\$ (1,924)	\$ (2,594)	\$ (3,035)	\$ (3,727)	\$ (4,384)	\$ (4,932)	CapEx:	1.5%	
% Margin	142.27%	112.39%	52.36%	43.01%	40.00%	36.00%	34.00%	32.00%	30.00%	Perp Growth:	2.0%	
(-) R&D	\$ (878)	\$ (805)	\$ (818)	\$ (897)	\$ (1,297)	\$ (1,602)	\$ (1,973)	\$ (2,329)	\$ (2,795)			
% Margin	64.65%	43.16%	27.72%	20.05%	20.00%	19.00%	18.00%	17.00%	17.00%			
D&A	\$61	\$71	\$77	\$86	\$130	\$169	\$219	\$274	\$329			
% Margin	4.49%	3.81%	2.61%	1.92%	2.00%	2.00%	2.00%	2.00%	2.00%			
EBITDA	\$ (1,762)	\$ (1,227)	\$ 389	\$ 1,397	\$2,230	\$3,320	\$4,645	\$6,217	\$7,789			
% Margin			13.18%	31.23%	34.38%	39.38%	42.38%	45.38%	47.38%			
(-) D&A	\$ (61)	\$ (71)	\$ (77)	\$ (86)	\$ (130)	\$ (169)	\$ (219)	\$ (274)	\$ (329)			
EBIT	\$ (1,823)	\$ (1,298)	\$ 312	\$ 1,311	\$2,100	\$3,151	\$4,426	\$5,943	\$7,461			
% Margin			10.57%	29.31%	32.38%	37.38%	40.38%	43.38%	45.38%			
(-) Taxes	\$ 1	\$ 8	\$ (347)	\$ 225	\$ (420)	\$ (630)	\$ (885)	\$ (1,189)	\$ (1,492)			
% of EBIT	0.05%	0.62%	111.22%	-17.16%	20.00%	20.00%	20.00%	20.00%	20.00%			
NOPAT (EBIAT)	\$ (1,822)	\$ (1,290)	\$ (35)	\$ 1,536	\$ 1,680	\$ 2,521	\$ 3,541	\$ 4,755	\$ 5,969			
(+) D&A	\$61	\$71	\$77	\$86	\$130	\$169	\$219	\$274	\$329			
(-) CapEx	\$ (10)	\$ (6)	\$ (15)	\$ (54)	\$ (97)	\$ (126)	\$ (164)	\$ (206)	\$ (247)			
% Margin	0.74%	0.32%	0.51%	1.21%	1.50%	1.50%	1.50%	1.50%	1.50%			
(-) NWC	\$ (6)	\$ (6)	\$ (6)	\$ (7)	\$ (\$65)	\$ (\$84)	\$ (\$110)	\$ (\$137)	\$ (\$164)			
% Margin	0.44%	0.32%	0.20%	0.16%	1.00%	1.00%	1.00%	1.00%	1.00%			
Unlevered Free Cash Flow	\$ (1,777)	\$ (1,231)	\$ 21	\$ 1,561	\$ 1,647	\$ 2,479	\$ 3,486	\$ 4,686	\$ 5,886			
% of EBITDA					73.89%	74.67%	75.04%	75.37%	75.57%			

Discounted Cash Flow Analysis



(\$ in millions)	HISTORICAL					PROJECTED				
	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E	
Revenue	\$ 1,358	\$ 1,865	\$ 2,951	\$ 4,473	\$6,486	\$8,432	\$10,961	\$13,701	\$16,442	
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% of EBIT	0.05%	0.62%	111.22%	-17.16%	20.00%	20.00%	20.00%	20.00%	20.00%	
NOPAT (EBIAT)	\$ (1,822)	\$ (1,290)	\$ (35)	\$ 1,536	\$ 1,680	\$ 2,521	\$ 3,541	\$ 4,755	\$ 5,969	
(+) D&A	\$61	\$71	\$77	\$86	\$130	\$169	\$219	\$274	\$329	
(-) CapEx	\$ (10)	\$ (6)	\$ (15)	\$ (54)	\$ (97)	\$ (126)	\$ (164)	\$ (206)	\$ (247)	
% Margin	0.74%	0.32%	0.51%	1.21%	1.50%	1.50%	1.50%	1.50%	1.50%	
(-) NWC	\$ (6)	\$ (6)	\$ (6)	\$ (7)	\$ (65)	\$ (84)	\$ (110)	\$ (137)	\$ (164)	
% Margin	0.44%	0.32%	0.20%	0.16%	1.00%	1.00%	1.00%	1.00%	1.00%	
Unlevered Free Cash Flow	\$ (1,777)	\$ (1,231)	\$ 21	\$ 1,561	\$ 1,647	\$ 2,479	\$ 3,486	\$ 4,686	\$ 5,886	
% of EBITDA					73.89%	74.67%	75.04%	75.37%	75.57%	
PV of FCF					\$1,556	\$2,213	\$2,939	\$3,733		

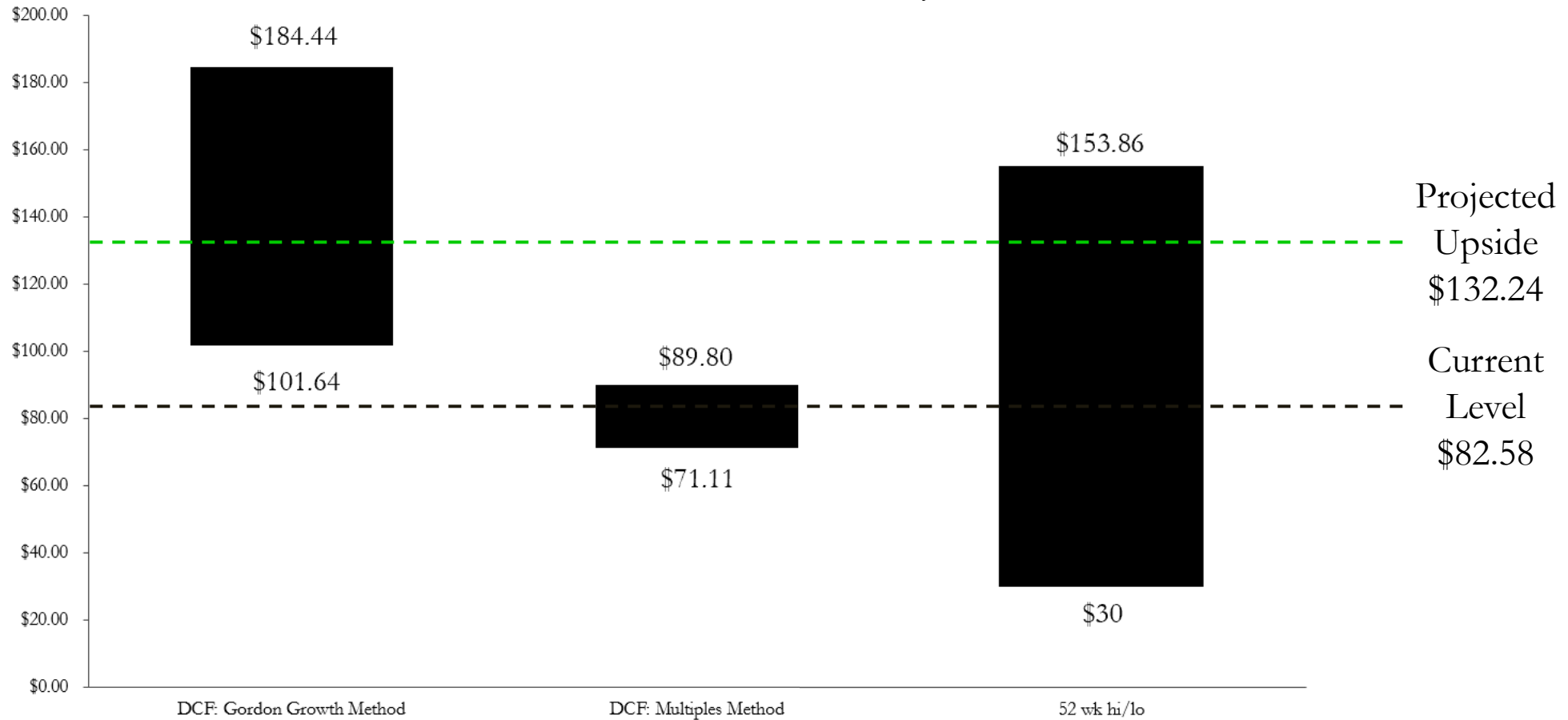
Gordon Growth Method	
EV	\$127,778
(-) Debt	(\$15,670)
(+) Cash	\$4,261
Equity Value	\$116,369
Shares Outstanding	880
Implied Share Price	\$132.24

Multiples Method Valuation	
EV/Revenue (Median)	5.00x
Revenue (yr 5)	\$16,442
Implied EV (Multiples Method)	\$82,208
(-) Debt	(\$15,670)
(+) Cash	\$4,261
Equity Value	\$70,799
Shares Outstanding	880
Implied Share Price	\$80.45

Football Field



Valuation Summary





VII. Appendix

Public Comps Analysis



(\$ in millions, except per share figures)

Company	LTM							NTM					
	Market Cap	Revenue	EBITDA	TEV/EBITDA	TEV/Total Revenue	TEV/EBIT	Price/EPS	Price/Tangible Book	Price/Forward EPS	TEV/Total Revenue	TEV/EBITDA	TEV/EBIT	P/BV
Charles Schwab	\$171,600	\$23,921	\$12,820	31.60x	8.51x	11.00x	20.47x	7.28x	16.34x	4.50x	8.00x	10.50x	2.80x
Interactive Brokers	\$121,000	\$6,000	\$5,740	5.80x	4.50x	6.00x	33.79x	6.19x	30.59x	9.50x	18.50x	20.50x	6.00x
Coinbase	\$46,500	\$6,880	\$1,670	23.17x	7.05x	25.36x	23.89x	5.34x	38.58x	6.57x	16.58x	27.44x	5.20x
Webull Corp (NASDAQ: BULL)	\$2,920	\$514	\$56	40.00x	4.47x	19.49x	17.86x	3.91x	41.86x	5.00x	20.00x	NM	3.00x
SoFi Technologies Inc (NASDAQ: SOFI)	\$22,650	\$3,580	\$318	26.70x	7.42x	51.80x	48.70x	3.67x	40.88x	4.50x	17.50x	25.00x	2.00x
Robinhood Markets Inc. (NASDAQ: HOOD)	\$68,340	\$4,470	\$2,180	33.73x	23.95x	35.12x	36.82x	7.96x	30.98x	11.34x	22.00x	27.78x	6.02x
Minimum	\$2,920	\$514	\$56	5.80x	4.47x	6.00x	17.86x	3.67x	16.34x	4.50x	8.00x	10.50x	2.00x
Median	\$46,500	\$6,000	\$1,670	26.70x	7.05x	19.49x	23.89x	5.34x	38.58x	5.00x	17.50x	22.75x	3.00x
Average	\$72,934	\$8,179	\$4,121	25.45x	6.39x	22.73x	28.94x	5.28x	33.65x	6.01x	16.12x	20.86x	3.80x
Maximum	\$171,600	\$23,921	\$12,820	40.00x	8.51x	51.80x	48.70x	7.28x	41.86x	9.50x	20.00x	27.44x	6.00x
% Difference of Median and Mean	-36.24%	-26.64%	-59.47%	4.90%	10.33%	-14.25%	-17.46%	1.17%	14.65%	-16.86%	8.59%	9.06%	-21.05%

Relative Valuation	
Revenue (2025)	\$4,473
(x) LTM Multiple (25th Percentile)	4.50x
Implied EV	\$20,129
(-) Debt	\$ (15,670)
(+) Cash	\$ 4,261
Equity Value	\$8,720
Shares Outstanding	880
Implied Share Price	\$9.91

Relative Valuation	
Revenue (2025)	\$4,473
(x) LTM Multiple (Median)	7.05x
Implied EV	\$31,535
(-) Debt	\$ (15,670)
(+) Cash	\$ 4,261
Equity Value	\$20,126
Shares Outstanding	880
Implied Share Price	\$22.87

Relative Valuation	
Revenue (2025)	\$4,473
(x) LTM Multiple (75th Percentile)	7.42x
Implied EV	\$33,190
(-) Debt	\$ (15,670)
(+) Cash	\$ 4,261
Equity Value	\$21,781
Shares Outstanding	880
Implied Share Price	\$24.75

Football Field



Valuation Summary

