

Robinhood Markets Inc (NASDAQ: HOOD)

Target Price: \$158.68

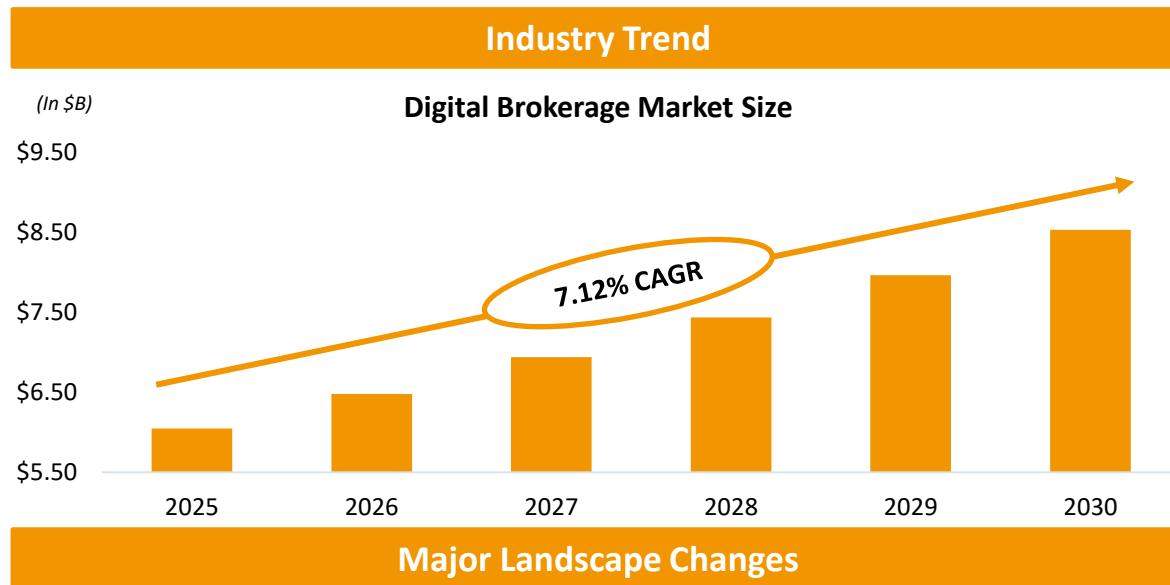
Mentor: Oliver Zhao

Presenter: Fiona Shen, Haesung Jung, Leon Yang, Molly Liu, Sophia Zhen

Digital Brokerage Industry Overview



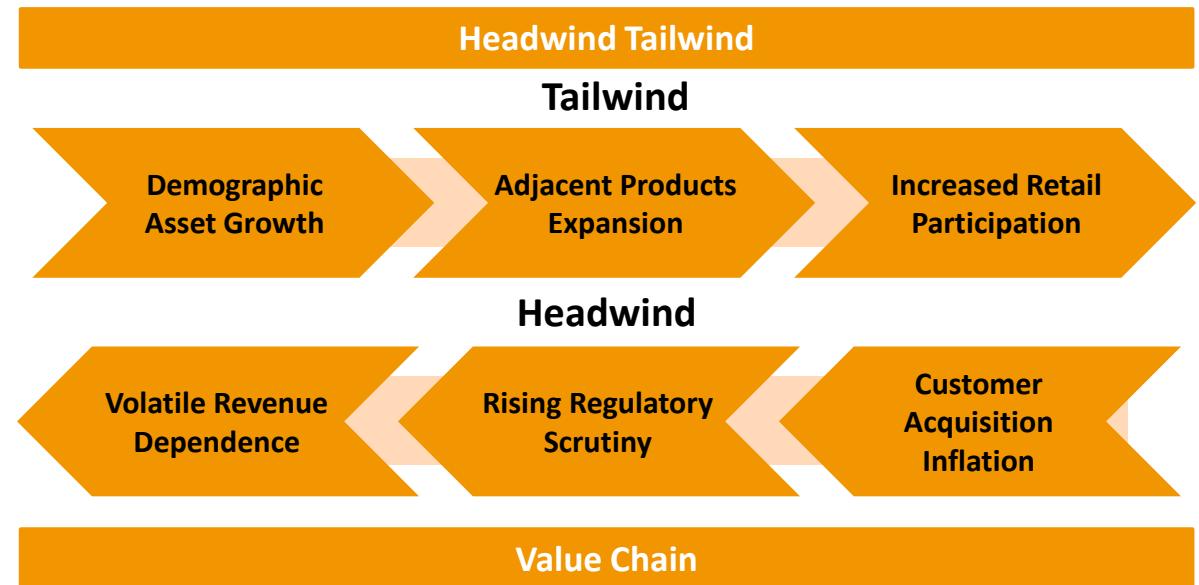
Digital brokerages are reshaping financial markets as technology, regulation, and user behavior shift.



charles SCHWAB

TD Ameritrade

- Schwab announced its **acquisition** of TD Ameritrade in November 2019, the deal was an **all-stock transaction** worth about **US \$26bn**
- This disturbed the landscape as TD Ameritrade was one of the **few full-service brokers** competing with Schwab and legacy brokerages
- With Schwab + TD dominating, fewer large traditional broker options **remain for retail investors** or active traders



Company Overview

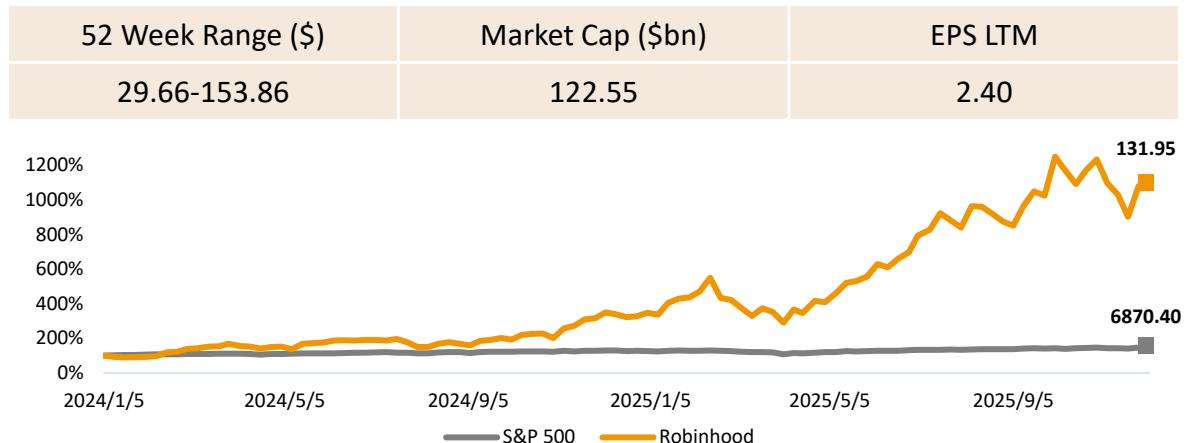


Robinhood provides commission-free trading and an expanding suite of financial services.

Overview

- Robinhood is a **mobile-first digital brokerage** and financial services platform founded in 2013 and headquartered in Menlo Park, California
- Robinhood allows users to trade **stocks, ETFs, options, and cryptocurrencies**, while also providing **wealth management services**
- The company has grown into one of the **largest retail investing** platforms among younger investors
- It has **expanded beyond trading** into cash management, retirement accounts, and a premium subscription product (Robinhood Gold)

Stock and Financial Performance



Robinhood Subsidiaries

Robinhood Financial LLC (RHF)	RHF is the U.S. retail brokerage . This is the entity customers interact with when they buy or sell stocks, ETFs, and options
Robinhood Securities LLC (RHS)	RHS is Robinhood's clearing broker . Clearing is the behind-the-scenes process that ensures trades settle and transfer correctly
Robinhood Crypto LLC (RHC)	RHC is the crypto trading arm of Robinhood. When customers trade Bitcoin, Ethereum, etc. It manages all crypto transaction
Robinhood Money LLC (RHM)	RHM manages cash services , including spending accounts, cash sweep programs, and all non-brokerage money movement
Robinhood Credit Inc.	Robinhood's credit arm is its expansion into lending and financial products , including credit cards and credit risk management

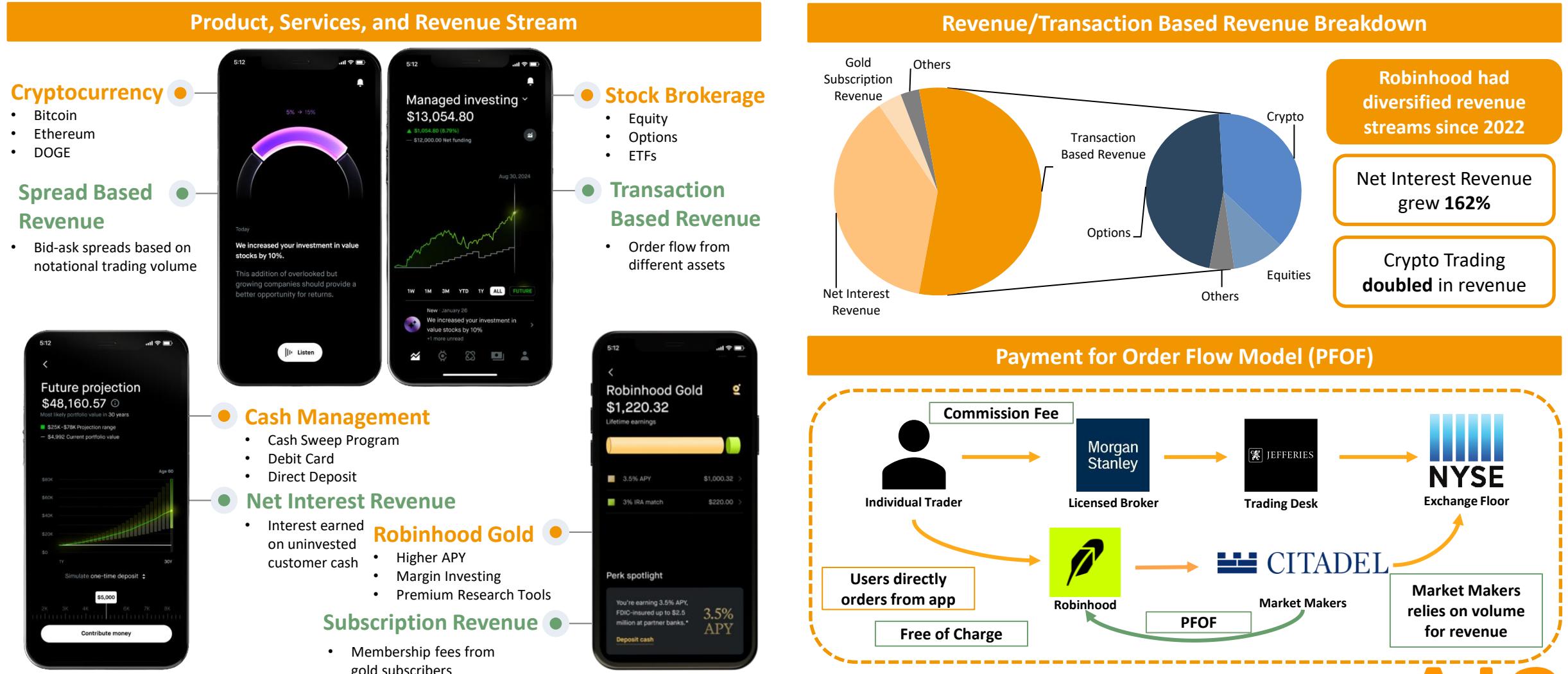
	FY22	FY23	FY24
Revenue (\$mm)	1,358	1,865	2,951
Revenue Growth (%)	(25.2)%	37.3%	58.2%
Operating Income (\$mn)	(1,027)	(533)	1,064
Operating Margin (%)	(75.6)%	(28.6)%	36.1%
Net Income (\$mn)	(1,028)	(541)	1411
Net Income Margin (%)	(75.7)%	(29)%	47.8%

Sources: Robinhood, Yahoo Finance

Company Overview



Robinhood's diversified model blends transaction revenue, net interest income, and subscription fees.

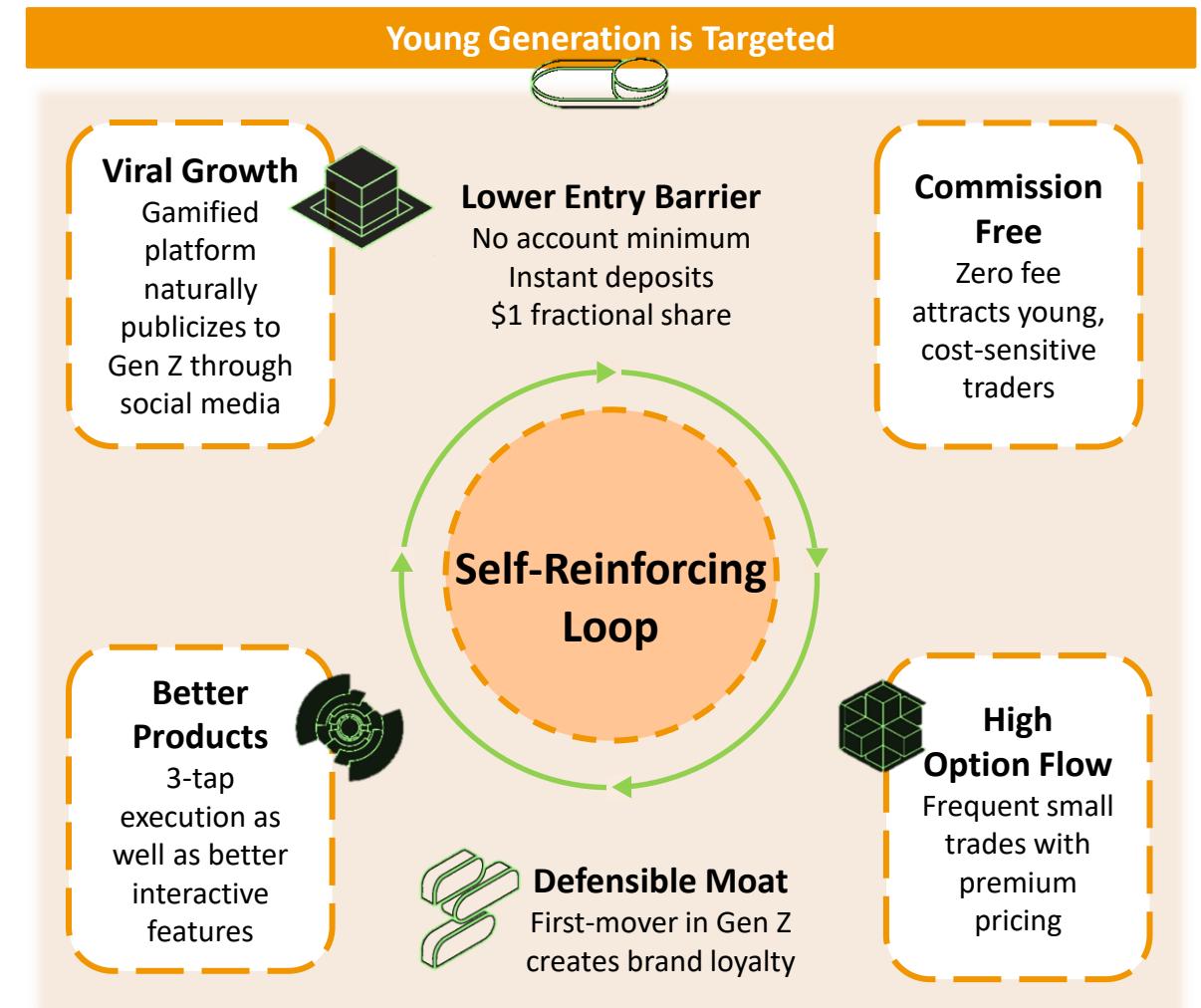
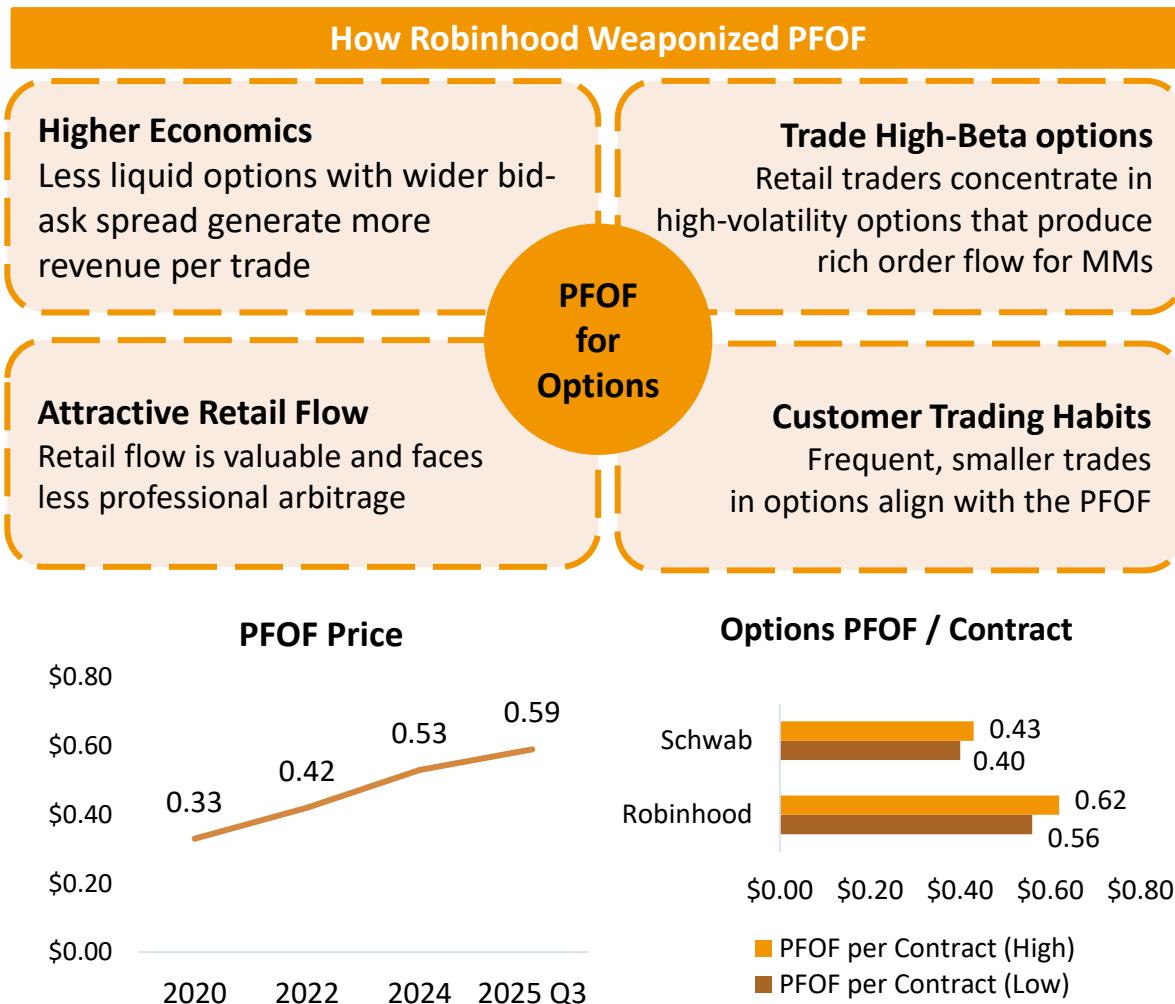


Sources: Robinhood, Bloomberg

Thesis I: PFOF Attraction to Traders and MM Revenue Generations



Superior PFOF economics and zero-friction design create a defensible Gen Z moat.

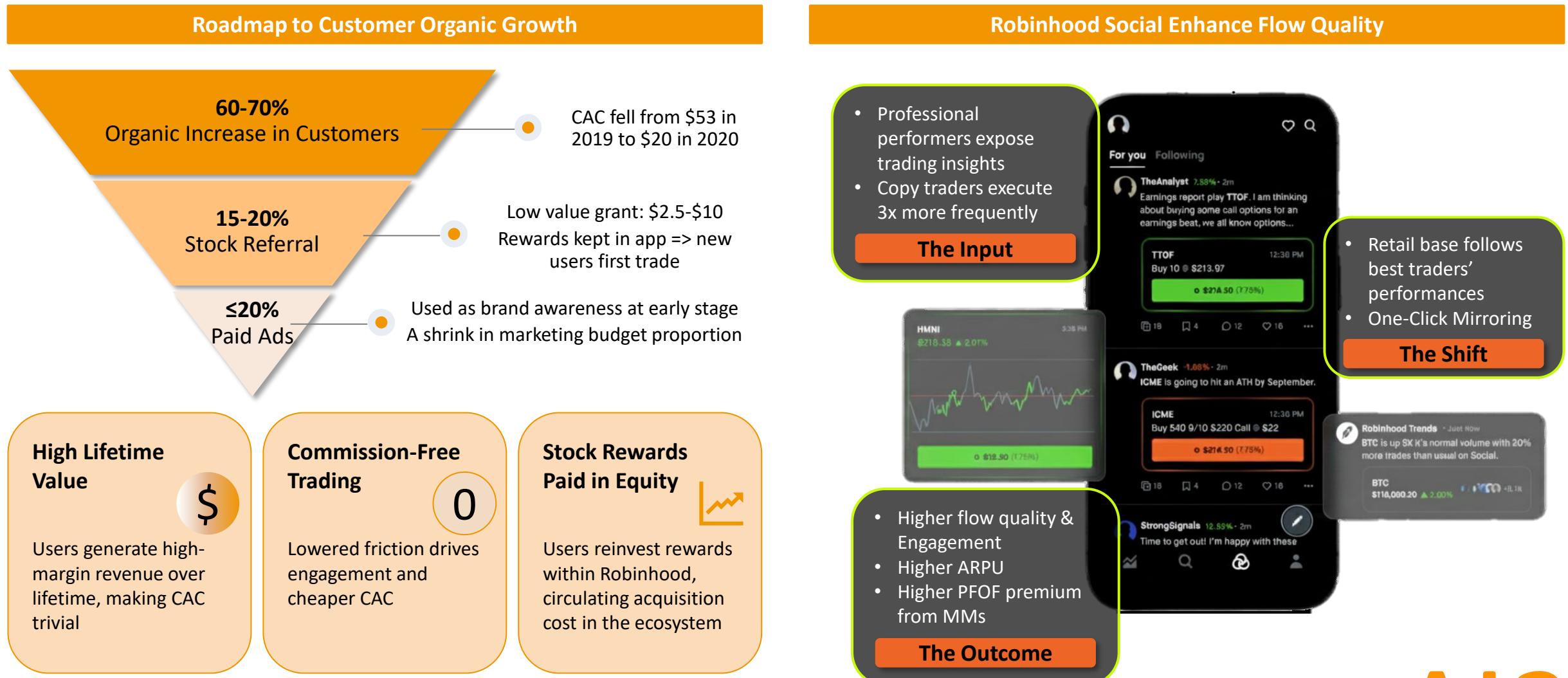


Sources: Reuters, Investopedia, Robinhood

Thesis I: PFOF Attraction to Traders and MM Revenue Generations (cont.)



Reduced Customer Acquisition Costs (CAC) and Robinhood Social create a pipeline for superior flow quality and revenue generation.



Sources: Robinhood, Fortune, WSJ

Financial Super-App: Expanding Revenue Streams and Stickiness



Robinhood's expanding product stack is unlocking higher monetization, deeper engagement, and structurally lower revenue cyclicity.

Robinhood's Strategic Development



Pre 2022 – Foundation

- Meme Stock Brokerage
- Single Product
- Trading Only Platform



Now – Ecosystem Build Out

- Multi-Product Ecosystem
- Trading, Saving, Borrowing, Spending, & Crypto functions



Future – Fintech Super-App

- Evolving into Full Fintech Super App
- Fintech Like Margins
- “All-In-One” Platform



New Vertical Additions (2024-2025)

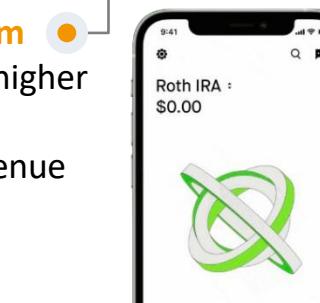
Futures Trading

- Adds high-ARPU active traders
- Boosts Volume across bear and bull cycles
- Lowers dependence on options



Tokenized / 24-7 Stocks

- 24/7 Access increases engagement & trade volume
- Smooths Volumes, more predictable revenue



Prediction Markets

- Brand new rapidly growing revenue stream
- Uncorrelated with market direction, counter-cyclical revenue



Robinhood Banking System

- HOOD Gold + Credit card increases holdings checking and savings account
- Expands on-platform cash balances



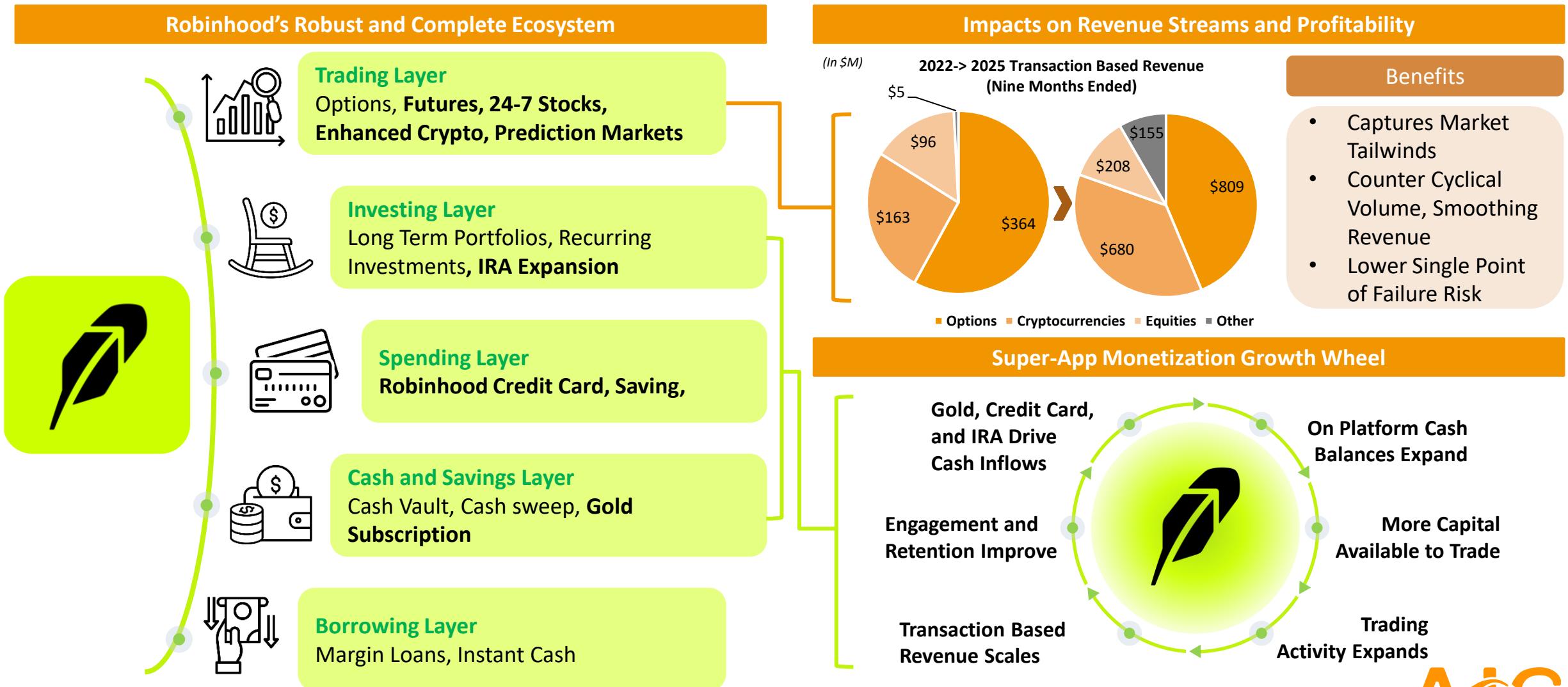
IRA Benefits

- Long term deposits
- IRA users rarely churn
- IRA tied to Gold subscription, drives adoption

Financial Super-App: Expanding Revenue Streams and Stickiness



Robinhood is evolving into a multi-product financial ecosystem, diversifying monetization and reinforcing a growth loop.

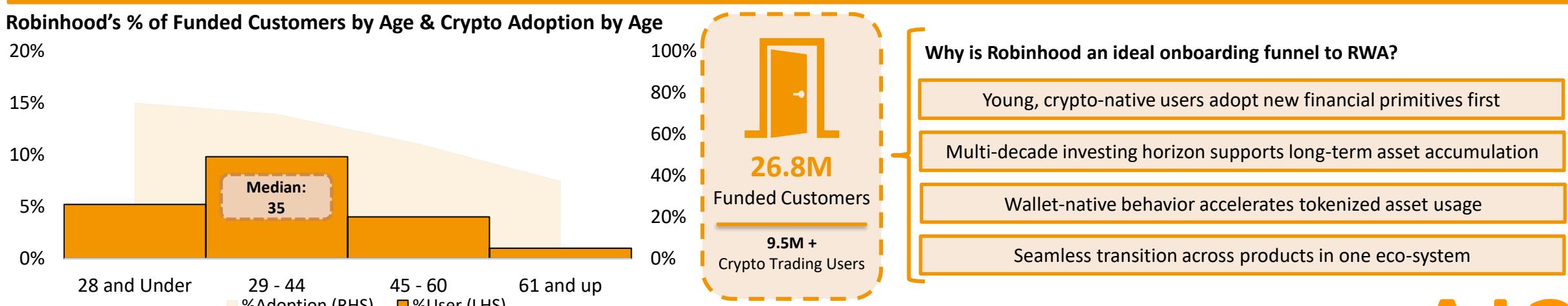
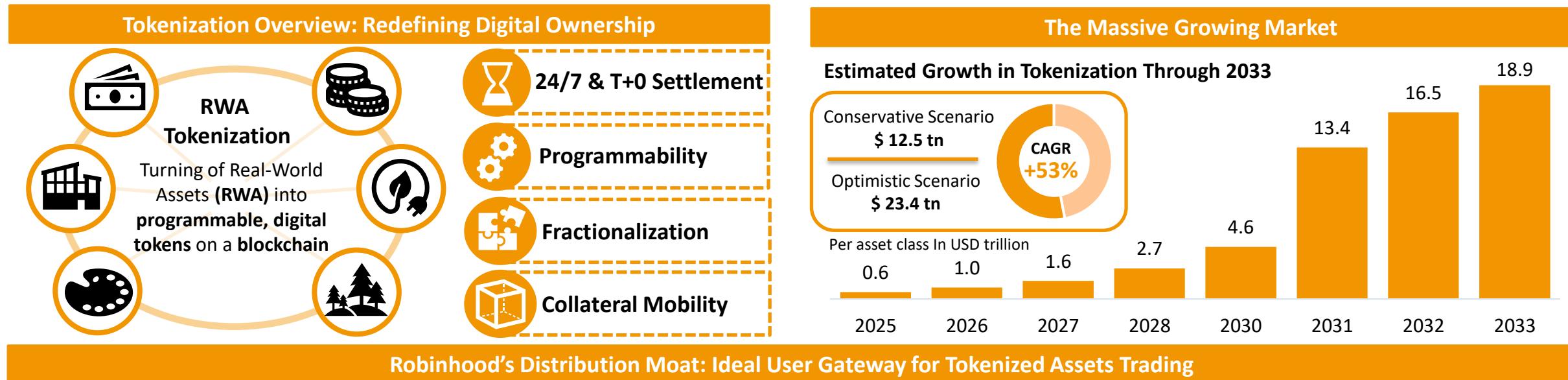


Sources: Bloomberg Terminal, Robinhood

Thesis III: Capturing \$18.9T by Serving the Crypto-Native Investor



Robinhood bridges crypto-native users with the exponential growth of Real-World Asset tokenization.

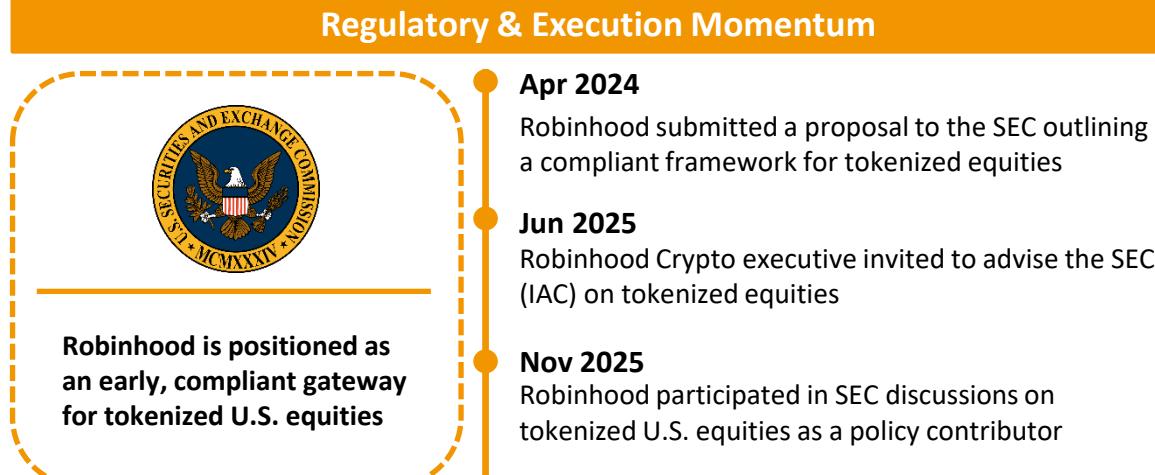
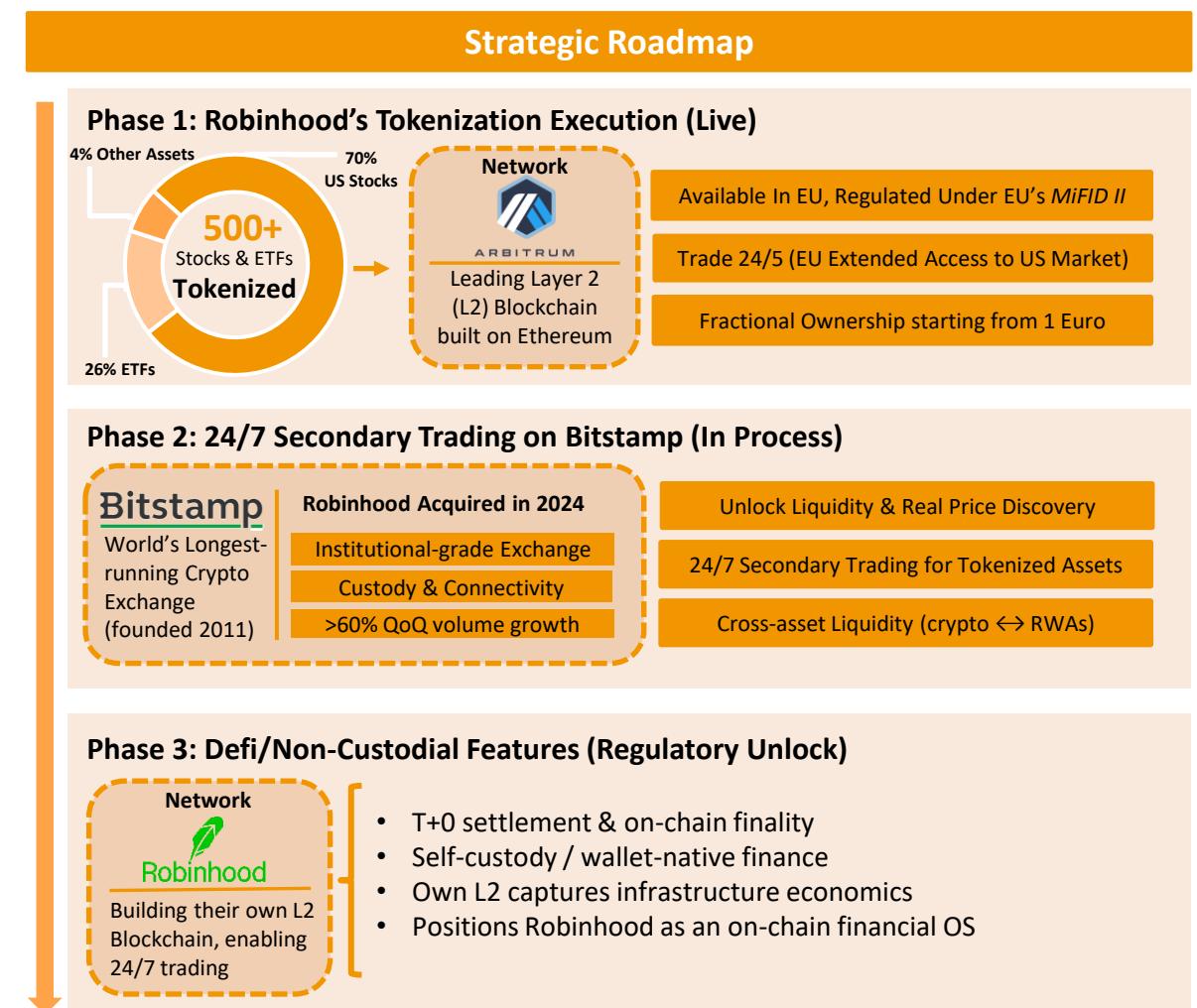
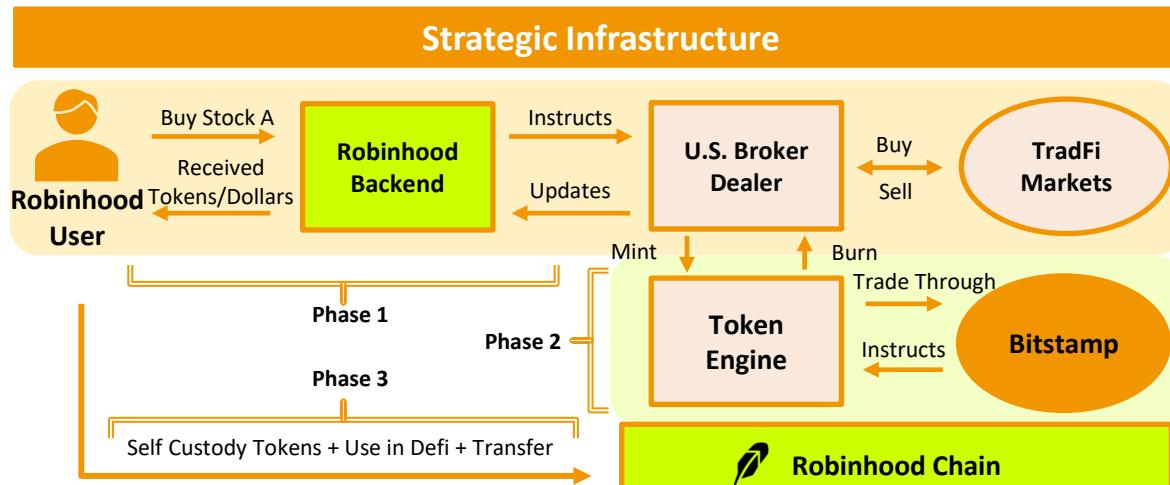


Sources: BCG & Ripple, Robinhood

Thesis III: Capturing \$18.9T by Serving the Crypto-Native Investor



Robinhood is building regulated on-chain rails to own tokenized asset distribution at scale.



Sources: Galaxy Research, Citizen Bank

Risks



Cyclical Trading Activity

Trading volumes, especially crypto, are volatile and sensitive to risk-off market environments



Competitive Pressure

Coinbase dominates crypto-native activity, while Charles Schwab and Fidelity lead traditional wealth management platforms



Regulatory & Execution Risk

Timing and execution risks around regulatory approval and deployment of Robinhood's own Layer-2

Mitigations

Revenue mix is diversifying toward interest income, subscriptions, and advisory; RWAs shift activity toward longer-duration holdings

Robinhood's regulated U.S. platform, mobile-first UX, and young demographic create a differentiated gateway for RWAs and tokenized yield

Phased rollout, early SEC engagement, and use of proven L2s upfront reduce timing and execution risk

Public Comps: Peer Companies and Valuation



Operating Statistics (Mn)		As of 12/06/2025							Revenue (mm)			EBITDA (mm)			EBIT (mm)			NI (mm)		
Company Name	Ticker	Price (\$)	# SO (mm)	Mkt Cap (bn)	Total Debt (mm)	Cash (mm)	Net Debt (bn)	EV (bn)	LTM	FY1	FY2	LTM	FY1	FY2	LTM	FY1	FY2	LTM	FY1	FY2
Interactive Brokers Group A	IBKR	63.54	445.36	28.30	28,051.00	92,603.00	(64.55)	-36.25	10,117.00	6,096.01	6,605.21	8,771.00	4,762.09	5,113.13	8,679.00	4,639.45	5,058.12	917.00	940.47	1,052.67
Stifel Financial	SF	121.24	101.83	12.35	2,277.88	3,216.76	(0.94)	11.41	6,184.61	5,450.52	6,112.45	1,122.91	1,039.78	1,073.50	1,379.00	663.42	827.76	1,050.60		
Futu Holdings ADR	FUTU	170.73	94.78	16.18	1,751.83	1,981.22	(0.23)	15.95	2,677.98	2,824.76	3,227.43	1,721.97	1,927.06	1,796.95	1,706.48	1,940.73	1,261.68	1,385.18	1,592.03	
Charles Schwab	SCHW	92.69	1776.94	164.70	27,590.00	56,673.00	(29.08)	135.62	27,156.00	23,789.71	25,939.87	13,755.00	13,513.52	14,838.90	12,372.00	11,486.98	13,028.51	8,233.00	8,518.28	9,649.59
Coinbase Global A	COIN	259.84	228.18	59.29	7,758.46	13,544.98	(5.79)	53.50	8,739.76	7,418.71	8,725.75	4,078.05	2,965.37	3,734.94	3,927.74	1,628.01	2,628.01	3,217.71	2,272.48	1,952.78
Webull	BULL	9.20	417.96	3.85	112.75	2,050.07	(1.94)	1.91	405.80	545.10	678.40	-	-113.40	214.90	30.21	118.16	114.89	22.70	-497.98	89.61
SoFi Technologies	SOFI	29.03	1205.90	35.01	2,807.48	3,752.63	(0.95)	34.06	4,442.30	3,562.15	4,567.50	789.88	1,039.77	1,563.48	565.07	521.08	1,051.52	640.24	453.15	792.08
Robinhood Markets, Inc.	HOOD	123.24	786.40	96.92	19,414.00	4,474.00	14.94	111.86	4,226.00	4,504.11	5,577.89	2,107.00	2,513.23	3,294.01	2,022.00	2,143.10	2,911.49	2,194.00	1,823.81	2,276.05

Valuation Statistics	EV/Revenue			EV/EBITDA			EV/EBIT			P/E		
	LTM	FY1	FY2	LTM	FY1	FY2	LTM	FY1	FY2	LTM	FY1	FY2
Interactive Brokers Group A	-2.2x	10.6x	9.8x	-2.5x	13.6x	12.6x	-2.5x	13.9x	12.8x	30.6x	30.0x	27.3x
Stifel Financial	2.0x	2.3x	2.1x	10.8x	-	-	11.6x	11.7x	9.1x	21.4x	16.4x	12.6x
Futu Holdings ADR	8.8x	8.3x	7.3x	-	13.7x	12.2x	13.1x	13.8x	12.1x	19.1x	17.2x	14.7x
Charles Schwab	5.2x	6.0x	5.5x	10.4x	10.6x	9.7x	11.5x	12.5x	11.0x	21.7x	19.3x	16.6x
Coinbase Global A	7.4x	9.4x	8.0x	15.8x	23.4x	18.6x	16.4x	42.7x	26.5x	22.5x	32.1x	37.4x
Webull	6.6x	-	-	-	-	-	88.7x	-	-	-	51.1x	44.5x
SoFi Technologies	7.7x	10.3x	8.0x	43.1x	35.3x	23.5x	60.3x	70.5x	34.9x	52.6x	80.2x	48.1x
Average	5.1x	7.8x	6.8x	15.5x	19.3x	15.3x	28.4x	27.5x	17.7x	28.0x	35.2x	28.7x
75th Percentile	7.7x	10.4x	8.5x	29.4x	29.4x	21.1x	60.3x	49.7x	28.6x	36.1x	51.1x	44.5x
Median	6.6x	8.8x	7.6x	10.8x	13.7x	12.6x	13.1x	13.9x	12.4x	22.1x	30.0x	27.3x
25th Percentile	5.1x	6.0x	4.7x	10.7x	12.9x	10.9x	12.0x	12.5x	10.6x	21.4x	17.7x	14.7x

Implied Valuation (\$ mm)	EV								Market Capital			
	LTM	2025E	2026E	LTM	2025E	2026E	LTM	2025E	2026E	LTM	2025E	2026E
Average	21,409.58	35,247.53	37,812.63	32,663.18	48,577.85	50,492.62	57,507.00	58,975.50	51,636.61	61,420.83	64,162.31	65,427.17
Median	27,905.60	39,846.60	42,535.23	22,688.84	34,311.73	41,627.47	26,521.64	29,686.13	36,231.03	48,525.62	54,768.68	62,054.77
Implied equity value (Average)	25,883.58	39,721.53	42,286.63	37,137.18	53,051.85	54,966.62	61,981.00	63,449.50	56,110.61	61,420.83	64,162.31	65,427.17
Implied equity value (Median)	32,379.60	44,320.60	47,009.23	27,162.84	38,785.73	46,101.47	30,995.64	34,160.13	40,705.03	48,525.62	54,768.68	62,054.77
Implied share price (Average)	32.91	50.51	53.77	47.22	67.46	69.90	78.82	80.68	71.35	78.10	81.59	83.20
Implied share price (Median)	41.17	56.36	59.78	34.54	49.32	58.62	39.41	43.44	51.76	61.71	69.64	78.91

DCF: Revenue Build Assumptions



Assumptions <i>in millions of U.S. Dollar except special noted</i>	2022 31-Dec	2023 31-Dec	2024 31-Dec	2025 31-Dec	2026 31-Dec	2027 31-Dec	2028 31-Dec	2029 31-Dec	2030 31-Dec
	2022 31-Dec	2023 31-Dec	2024 31-Dec	2025 31-Dec	2026 31-Dec	2027 31-Dec	2028 31-Dec	2029 31-Dec	2030 31-Dec
Revenue Assumptions									
Revenue Breakdown - Segment									
Transaction-based revenues .	814.0	785.0	1,647.0	2,735.8	3,555.6	4,309.6	5,162.9	6,065.6	7,058.4
Net interest revenues.	424.0	929.0	1,109.0	1,461.0	1,929.5	2,438.8	2,997.2	3,590.6	4,198.1
Other revenues	120.0	151.0	195.0	304.8	425.1	520.6	597.2	650.2	689.8
Revenue	1,358.0	1,865.0	2,951.0	4,501.7	5,910.2	7,269.0	8,757.2	10,306.4	11,946.3
Transaction-based revenues									
Options	814.0	785.0	1,647.0	2,735.8	3,555.6	4,309.6	5,162.9	6,065.6	7,058.4
Cryptocurrencies	488.0	505.0	760.0	1,103.9	1,414.1	1,735.4	2,073.4	2,456.0	2,883.8
Equities	202.0	135.0	626.0	1,183.1	1,486.7	1,683.3	1,905.8	2,138.3	2,375.7
Other	117.0	104.0	177.0	262.0	327.9	384.3	438.9	488.2	540.6
	7.0	41.0	84.0	186.8	326.9	506.6	744.7	983.1	1,258.3
Options Revenue									
Aggregate Options Notional Traded (millions of contracts)	488.0	505.0	760.0	1,103.9	1,414.1	1,735.4	2,073.4	2,456.0	2,883.8
yoY %	919	1,152	1,654	2,224	2,714	3,202	3,714	4,271	4,869
Rev per contract traded (in \$)				25.4%	43.6%	34.5%	22.0%	18.0%	16.0%
yoY %	0.53	0.44	0.46	0.50	0.52	0.54	0.56	0.57	0.59
				-17%	5%	8%	5%	4%	3%
									3%
									3%
Cryptocurrency Revenue									
Aggregate Crypto Notional Traded (\$B)	202.0	135.0	626.0	1,183.1	1,486.7	1,683.3	1,905.8	2,138.3	2,375.7
yoY %	68	40	143	257	314	348	387	425	468
Revenue yield on crypto notional traded (%)				-41.4%	259.0%	80.0%	22.0%	11.0%	11.0%
yoY %	0.30%	0.34%	0.44%	0.46%	0.47%	0.48%	0.49%	0.50%	0.51%
	14.0%	29.1%	5.0%	3.0%	2.0%	2.0%	2.0%	2.0%	1.0%
Equities Revenue									
Aggregate Equities Notional Traded (\$ billions)	117.0	104.0	177.0	262.0	327.9	384.3	438.9	488.2	540.6
yoY %	643	656	1,178	1,755	2,211	2,609	3,001	3,361	3,747
Revenue yield on equities notional traded (in bps)				2.0%	79.7%	49.0%	26.0%	18.0%	15.0%
yoY %	1.82	1.59	1.50	1.49	1.48	1.47	1.46	1.45	1.44
Other Transaction Revenue									
yoY %	7.0	41.0	84.0	186.8	326.9	506.6	744.7	983.1	1,258.3
				485.7%	104.9%	122.4%	75.0%	55.0%	47.0%
									32.0%
									28.0%

Sources: 10K, Piper Sandler, Bank of America, Barclays

Assumptions <i>in millions of U.S. Dollar except special noted</i>	2022	2023	2024	2025	2026	2027	2028	2029	2030
	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec
Revenue Assumptions									
Net interest revenues									
Interest-earning asset balances	424.0	929.0	1,109.0	1,461.0	1,929.5	2,438.8	2,997.2	3,590.6	4,198.1
Interest-earning asset balances	18,456	30,122	44,307	60,053	77,769	96,434	117,649	138,826	161,038
yoY %	-3.7%	63.2%	47.1%	35.5%	29.5%	24.0%	22.0%	18.0%	16.0%
Average of Interest-earning asset balances	18,809	24,289	37,215	52,180	68,911	87,101	107,041	128,237	149,932
Annual yield of Net interest revenue	2.3%	3.8%	3.0%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
Other revenues									
Gold subscription revenues	120.0	151.0	195.0	304.8	425.1	520.6	597.2	650.2	689.8
Gold subscription revenues	68.0	75.0	109.0	196.6	294.9	372.8	435.2	477.6	507.2
Proxy revenues	44.0	61.0	60.0	70.8	79.3	85.6	89.9	92.6	95.4
Other	8.0	15.0	26.0	37.4	50.9	62.1	72.1	80.0	87.2
Gold subscription revenues									
Gold Subscribers (in millions)	68.0	75.0	109.0	196.6	294.9	372.8	435.2	477.6	507.2
Gold Subscribers (in millions)	1.14	1.42	2.64	4.38	6.13	7.36	8.24	8.90	9.35
yoY %	-12.3%	24.6%	85.9%	65.9%	40.0%	20.0%	12.0%	8.0%	5.0%
Monthly subscription fee (in \$)	4.64	4.88	4.47	4.67	4.67	4.61	4.65	4.64	4.63
Proxy revenues									
Proxy revenues	44.0	61.0	60.0	70.8	79.3	85.6	89.9	92.6	95.4
yoY %		38.6%	-1.6%	18.0%	12.0%	8.0%	5.0%	3.0%	3.0%
Other revenues									
Other revenues	8.0	15.0	26.0	37.4	50.9	62.1	72.1	80.0	87.2
yoY %		87.5%	73.3%	44.0%	36.0%	22.0%	16.0%	11.0%	9.0%

Assumptions	2024	2025	2026	2027	2028	2029	2030
	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec
Revenue							
Transaction-based revenues .	1,647.00	2,735.79	3,555.62	4,309.63	5,162.97	6,065.65	7,058.49
Net interest revenues.	1,109.00	1,461.04	1,929.51	2,438.84	2,997.16	3,590.65	4,198.09
Other revenues	195.00	304.84	425.08	520.56	597.17	650.20	689.79
Total Revenue	2,951.00	4,501.67	5,910.21	7,269.03	8,757.29	10,306.50	11,946.38
Operating Expenses							
Brokerage and Transaction Expenses	164.00	182.77	193.74	201.49	209.55	213.74	218.01
Technology and Development	818.00	858.90	893.26	928.99	956.86	985.56	1,005.27
Operations	188.00	277.69	310.13	341.76	376.62	415.04	457.37
Marketing	272.00	406.99	429.58	475.12	525.48	567.52	612.92
General and Administrative	455.00	520.79	615.32	689.71	758.68	834.55	901.31
Operating Income	1,054.00	2,775.31	4,083.51	5,321.68	6,688.79	8,124.64	9,652.80
<i>Operating Margin</i>	0.36	0.62	0.69	0.73	0.76	0.79	0.81
Other income (expense)	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Pre-Tax Income	1,064.00	2,785.31	4,093.51	5,331.68	6,698.79	8,134.64	9,662.80
(-) Tax	-346.86	325.88	777.77	1,119.65	1,406.75	1,708.28	2,029.19
<i>Effective tax rate</i>	-32.6%	11.7%	19.0%	21.0%	21.0%	21.0%	21.0%
Net Income	717.14	3,111.20	4,871.28	6,451.33	8,105.53	9,842.92	11,691.99

Equity Beta Statistics					
Company Name	Tax Rate	D/E	Levered B _e	Unlevered B _e	
Interactive Brokers Group A	8.60%	549.40%	1.26	0.21	
Stifel Financial	20.00%	39.60%	1.35	1.02	
Futu Holdings ADR	17.20%	37.40%	1.62	1.24	
Charles Schwab	22.20%	55.90%	1.13	0.79	
Coinbase Global A	17.60%	48.40%	3.15	2.25	
Webull	41.30%	11.30%	(0.06)	(0.06)	
SoFi Technologies	-59.90%	32.00%	2.53	1.68	
Average	9.57%	110.57%	1.57	1.02	
HOOD					
Tax rate	21.0%				
D/E	20.03%				
Relevered equity beta	1.18				

WACC Build		
Equity		
Risk-free rate		4.70%
HOOD Equity Beta		1.18
Equity market premium		4.60%
Cost of equity		10.12%
% of equity		83.31%
Debt		
Tax rate		21.00%
Pre tax cost of debt		3.61%
% of debt		16.69%
HOOD WACC		8.91%

DCF: Model and Valuation Output



Assumptions	2024	2025	2026	2027	2028	2029	2030
	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec
EBIT	1,358.36	3,136.04	4,475.49	5,744.95	7,142.56	8,608.76	10,165.54
Effective Tax Rate	-32.6%	18.0%	19.0%	21.0%	21.0%	21.0%	21.0%
NOPAT	1,801.18	2,571.56	3,625.15	4,538.51	5,642.62	6,800.92	8,030.78
(+) D&A	77.00	78.54	80.11	81.71	83.35	85.01	86.71
(-) Capex	(50.00)	(84.14)	(120.80)	(161.28)	(175.14)	(199.69)	(223.99)
(-) Inc. NWC	(4,356.00)	3,679.48	(68.66)	(88.83)	(112.88)	(140.77)	(172.19)
UFCF	(2,527.82)	6,245.43	3,515.80	4,370.11	5,437.95	6,545.48	7,721.31

WACC **8.91%**

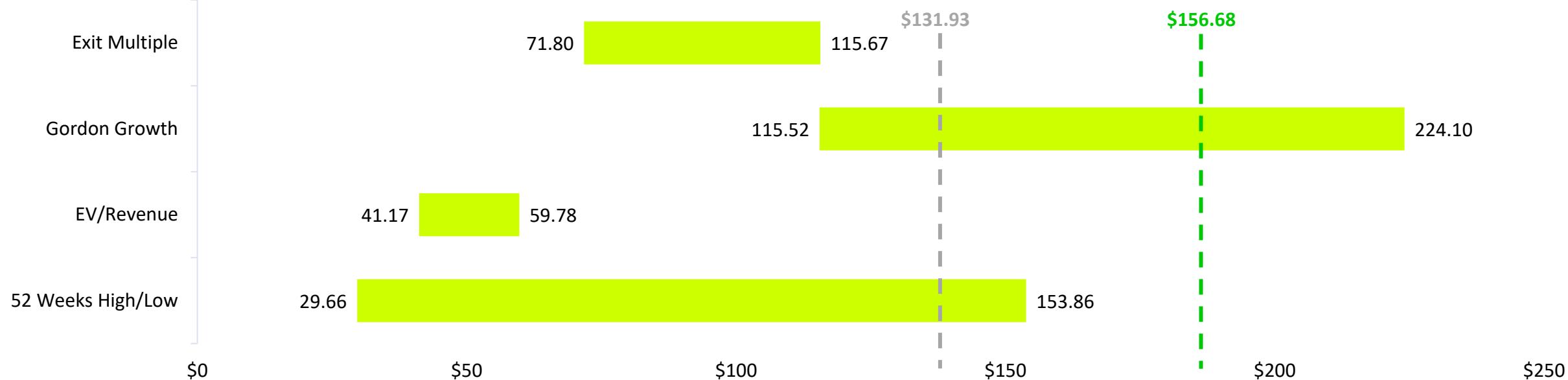
Discounted FCF	6,245.43	3,228.15	3,684.28	4,209.45	4,652.23	5,038.95
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Perpetuity Growth	
Terminal g%	2.80%
UFCF T+1	12,811
TV	209,644
DTV	136,815
Sum of FCF	20,813
EV	157,628
(-) Debt	(19,414)
(+) Cash	4,474
EQV	142,688
Shares outstanding	899.19
Indicated Price	158.68

Exit Multiples	
Sum of FCF	20,813
EV/Revenue	17.55x
Revenue FY30	11,946
EV	209,644
DTV	136,815
(-) Debt	(19,414)
(+) Cash	4,474
EQV	142,688
Shares outstanding	899.19
Indicated Price	158.68

Football Field Analysis

Robinhood 



		WACC				
		8.0%	8.5%	9.0%	9.5%	10.0%
Terminal Growth	2.0%	167.51	151.45	137.72	125.86	115.52
	2.5%	182.95	164.27	148.51	135.04	123.41
	3.0%	201.47	179.42	161.09	145.63	132.42
	3.5%	224.10	197.60	175.97	157.99	142.82
	4.0%	252.40	219.82	193.82	172.60	154.96

		WACC				
		8.0%	8.5%	9.0%	9.5%	10.0%
Exit Multiple	8.0x	79.50	77.50	75.55	73.65	71.80
	9.0x	88.55	86.34	84.18	82.09	80.05
	10.0x	97.59	95.17	92.82	90.53	88.30
	11.0x	106.63	104.01	101.45	98.97	96.55
	12.0x	115.67	112.84	110.09	107.41	104.80

Q&A