

hi youtube and welcome back to another update today we're going to be talking about coinbase i had to do an update on coinbase after yesterday's earnings coinbase will be going public on the 14th of april at a valuation of 100 billion dollars and i don't think it's going to stick around there for too long when i done an analysis on the recent ipo of airbnb wasn't too excited about it i didn't even bother doing an update on snowflake i felt that that was way overvalued and usually what happens is when a company ipos it pretty much goes into a long consolidation period for one two years fundamentals catch up price price ultimately corrects down to a fair value and then the bull run starts again i'll give you an example twitter dropbox uber all of these type of ipos they end up ipo and way overvalued fundamentals catch up over a one to two year time horizon and then ultimately you start to see the bull market continue and that's normally what happens with ipos in this case i just don't think it's going to happen with a company like coinbase i think what's going to happen with coinbase is probably something similar to well facebook actually even dropped it no i think facebook actually dropped 60 on a transitory basis but then it started to push higher anyway i think it's going to actually continue to push higher and here's why yesterday they reported earnings this is probably one of the most profitable companies i've ever seen they reported quarterly earnings 1.8 billion dollars and of that 1.8 billion dollars 1.1 billion dollars was ebitda which is absolutely incredible that was over one quarter one quarter so when you project that out over the next four quarters 4.4 billion dollars

in
ebitda and then when you factor in the
cash on the balance sheet plus the cash
that they're going to raise from the ipo
the enterprise value is going to be a
lot lower than 100 billion dollars which
is their market cap
so i would say comfortably that if
there's no growth over the next three
quarters
you're paying 25 times enterprise value
dibra i find it very hard to believe
that there's not going to be growth
considering that they've just done over
100
year-on-year top-line revenue growth
incredible stuff so
i would say you're paying probably 25
times enterprise value to ebitda or
less and that is with top line revenue
growing greater than 100
and i think that this industry has a lot
of longevity
now would i buy coinbase on the 14th of
april
probably not and i'll tell you why i
already have a lot of exposure to
digital asset
digital asset exchanges last june july
august i was exploring
exchanges after a number of institutions
started to
essentially yeah dabble in bitcoin and
as they start bringing in
not just like a thousand dollars here
from joe blogs and a couple hundred
there
they were bringing in billions of
dollars and that's when i started to get
really serious about exchanges and i
bought into
finance coin that's ran an awful lot and
that's a very significant portion of my
entire
sort of portfolio and i also own some
coin shares and kucoin shares i didn't
put as much capital into it
for the simple fact that although the
fundamentals and all were
really solid you get a daily dividend
yield all that type of stuff
the reason why i didn't put a lot into
it is because the process of buying
coin shares is a little bit well i felt

it was shady at the time anyway
you have to convert bitcoin into it and
i was like i you know i'm fine giving my
fiat currency away but not my bitcoin
uh but anyway i bought some um kucoin
shares 80 cents
and a couple of months after i bought
kucoin shares there was actually a hack
on the platform
anyway as of right now kucoin shares is
up around nine
ten dollars so it's done tremendously
well i've got far too much exposure to
exchanges
i won't be adding any more if we go back
to last june july august
would i have bought coinbase over
finance and coupon shares absolutely i
would
and the reason being is back in 2018
when i started to buy bitcoin
i done a bit of research to figure out
which is the best platform you have to
remember bitconnect collapsed you also
had mount cox and you had all of these
different scams
uh that happened in the digital asset
space and i was a bit concerned about
where i'd buy
bitcoin the only exchange that hadn't
had a hack was coinbase
and up until this day it's been a very
secure platform
yes the fees are more expensive but i
would rather pay for peace of mind
so that's where i was introduced
initially to bitcoin
and if you go back to 2017 there was a
lot of articles about the amount of
sort of trading revenue that coinbase
was actually making because
i think they were collecting two and a
half percent commission on every
transaction
and when bitcoin's at twenty thousand
dollars it becomes pretty exciting
right and so yeah they were collecting
about five hundred dollars i believe on
every single bitcoin that transacted
in late 2017 which gave me an idea of
how profitable this company is
now with scale that percentage comes
down they're now generating about 1.4
percent

and that's largely got to do with institutional investors coming into the space so the more you buy the lower your commission is now i think i paid one and a half percent to be honest i don't think i paid more than one and a half percent so i can't remember what i paid i think it was one and a half percent and i think it's actually somewhere similar to where that is right now so anyway i got a grasp of how profitable the the platform was and it still is very profitable let's have a look at some other numbers so the assets on the platform are 223 billion dollars that's about 11.3 percent of the entire crypto market which is really interesting because we can kind of project into the future what their revenue could be at a peak and that's what i'm going to do in today's update because of well i use elite wave anyway to forecast bitcoin and i'm also looking at it relative to the size of the gold market not that i think it's going to replace gold but more so that it might uh be an alternative to gold and so my view would be that somewhere in and around seven to ten trillion dollars seems reasonable as we broke above a trillion dollars it now seems an awful lot more possible and plausible that bitcoin actually reaches that valuation so i'm really only focused on the transactional side of the company and if that can keep growing um with the price of bitcoin i think that uh coinbase is really really really cheap at 100 billion dollars so as you can see here the trading volume 335 billion dollars over the past quarter massive amount it's incredible and the total revenues um of about 1.8 billion dollars from that trading volume net income 730 million 800 million and even at 1.1

billion dollars what's the percentage of that actually so if you have 1.1 divided by 1.8 61 percent even a margin extremely extremely profitable company now i can't share with you guys the coinbase chart because it hasn't ipo yet but i will share with you guys we'll have a look at bitcoin here and i'll show you guys we'll try and project into the future where bitcoin might go work back at the percentage gain and if we assume that coinbase can keep 11.3 percent of crypto assets on their platform so essentially as the crypto assets grow so too does the assets on their platform so if they can keep 11.3 market share and i think they can because they're safest and in my view customer service to some people is bad but i've never had an issue well i've never needed the customer service so let's have a look at bitcoin um this is my chart of bitcoin off the low so some sort of five-way structure up for wave one shallow wave two then we have one two three four five for your wave three and then we're working on a fifth wave and this is a fifth wave of wave three so if we go to the daily chart you'll see that you have your first wave here so this here would be wave one a b c down for wave two and then this here would all be a wave three so then you get a wave four and then you get a wave five on the upside so that's essentially where we're at right now now for this final fifth wave on the upside i think that we are in a wave 3 of a wave 3 of a bigger wave 5. so essentially i would be looking at this as a wave one two one two three four five four five and if i project that out it brings us up to about ninety five thousand dollars

that's where i think we're going for
this wave three now this is where it
gets a little bit more tricky because
normally you'd have some sort of
symmetry between wave 2
and wave 4. so if we have symmetry
between wave 2 and wave 4
looking at the time symmetry there'll be
290 days
of sideways consolidation which will
actually bring us right into 2022
february 2022
does that occur it doesn't have to be
that long but you'd look at some sort of
time symmetry maybe 60 percent of that
is possible
um so you'd be looking at maybe 150 180
days something like that so maybe into
december it might consolidate
a lot of people are expecting this to
continue moon shooting i don't think
that that's going to be the case i think
we're going to get a wave 4 here
for some sort of triangle that triangle
usually retraces to
23.6 to the 38.2 somewhere in around
there normally to 23.6
i'll bring us down to 75 000 and then
we'd be looking at a move on the upside
equal to the first wave here
so we measure out our first wave that
would be 345 percent
we measure that out over here off the
low 75
300 and yeah 340 somewhere in around
there
that'll bring us up to 331 000 so bear
with me for one moment here
that'll be your final fifth wave as well
so 330
000 pull up the calculator one more time
three three
one three nine seven divided by
what's the current price 56 423
it's about 587 percent on the upside so
if we assume that
this full year so the first quarter is
on 1.1 billion dollars
in ebitda and let's assume that that
remains consistent for the full year so
4.4 billion dollars in ebitda and let's
also assume that coinbase can maintain
11.3
of all digital assets and if they can do

that while maintaining
a consistent transactional value well
then we could project
that their 4.4 billion dollars may
increase
5.87 would that make sense
in my head yes so over the next number
of years it could take a number of years
we could see that the value of ebitda
in coinbase could increase multiplied by
5.87
could increase to about 21 billion
dollars this is an extremely
extremely profitable business that's
growing at a rapid pace
that would mean that over the next
couple of years if this is correct
over the next couple of years we would
see
coinbase at a valuation of about five
times market capped ebitda
in my view that's a dirt cheap company
and given their top line revenue growth
this could easily be trading on a
consistent 25x multiple
so i think over the next you know three
to five years
as we finish off this bull market in
digital assets
over those next three to five years i
could definitely see
from their ipo this company grow into a
business that's valued somewhere closer
to 500 billion by 500 on the upside
and it's it's a really unique and rare
situation because you've got a very
volatile parabolic asset in bitcoin
whereas different assets don't
necessarily have that as their tailwind
so the adoption rate is increasing
massively and i think over here you
should see the number of users
the verified users on the platform is 56
million people
so they've got a deeply ingrained
network of people transacting on
their platform
so yeah i'd be looking at this and i
would think that
a 500 billion dollar market cap is possible
it's an extremely profitable company
there's no concerns with
dilution or anything like that they

really don't need to dilute and a lot of
the capital at the raising is probably
going to go back into growing out the
business
worldwide so i i think coinbase is a
really
really really interesting play do i
think 500 percent
is realistic absolutely do i think it's
conservative absolutely
over the past nine months we've seen
finance coin go up
uh close to 20 x right so i think i'm
currently sitting up about 18 x on my
position in finance coin in less than
one year
why could we not see that in a public
market for coinbase
i also think that coinbase going public
is is a really interesting play because
it will give them a lot more credibility
it's a massive ipo it'll give them
an awful lot more credibility i think
it'll be the first choice for an awful
lot of people to buy and sell digital
assets
so that's my view on coinbase i really
really really really like the company
anyway let's see how it trades on the
14th i think it's going to be really
exciting i think it's going to be
fireworks
i think it's going to explode i really
do i think it's going to be a really
really explosive
start for coinbase and again i think
that over the next three to five years
500 on the upside seems reasonable and
probably conservative
so anyway guys have a wonderful day
thank you all very much for your support
and until next time
peace