# Robinhood (HOOD) — Initiation Summary: DCF & Comps

Date: Oct 21, 2025

## Thesis

Robinhood is expanding from a retail trading app into a broader brokerage & crypto platform with improving monetization (options, crypto, cash sweep) and operating leverage. We triangulate value with a 5‑year DCF (with WACC × terminal‑g sensitivity) and P/E comps versus IBKR, SCHW, and COIN.

## Valuation (headlines)

DCF assumptions (editable): growth 20%→10% (Y1–Y5), EBITDA margin 30%→34%, capex ≈3% of revenue, ΔNWC ≈1% of Δrevenue. Cost of equity = Rf + β×ERP; WACC mixes after‑tax cost of debt by target weight (0% by default given net cash). The Dashboard shows DCF per share and P/E‑implied price from peer median.

## Catalysts

• Higher trading volumes (options/crypto) and sweep‑balance NIR.  
• Bitstamp integration and international rollouts (UK/EU).  
• Product velocity (advanced order types, multi‑account), potential index inclusion.

## Risks

• Volume cyclicality (equities/crypto) impacting take rates.  
• Regulation (PFOF/best‑execution), capital requirements.  
• Competitive response from legacy brokers/exchanges; pricing pressure and feature parity.

## Data Notes

Inputs reflect current market context and recent filings as of the build date. Where specific data isn’t public in this environment, widely accepted assumptions are used and clearly labeled in the Excel. Update price, shares, cash/debt, β, Rf, and ERP in the Assumptions tab to refresh results.