

**June 7, 2024**Target: **Bitstamp**Buyer: **Robinhood** **Robinhood Acquires Bitstamp for \$200 Million in Cash Consideration**

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Transaction Overview

On June 6, 2024, Robinhood (NASDAQ: HOOD), a multi-asset retail brokerage, announced its acquisition of Bitstamp, a European crypto exchange, for \$200M in cash. The deal is expected to close in the first half of 2025.

Target: Bitstamp

Bitstamp is one of the oldest crypto exchanges, founded in 2011. Their key offerings include crypto trading for retail and institutional investors, staking and lending, and advanced trading tools.

The company has a global licensing regime that includes 50 active licenses and registrations across Canada, Italy, France, Luxembourg, Spain, The Netherlands, the US (New York BitLicense 40 state MTLs), the UK, and Singapore.

According to [FCA filings](#), Bitstamp's UK entity has delivered estimated revenue in line with other large exchanges of \$55M, \$58M, and \$118M in 2019, 2020, and 2021 respectively. In 2022 the firm estimated \$31M in revenue with a \$7.5M loss.

Founded in 2011 by Nejc Kodrič and Damijan Merlak, Bitstamp now has over 350 employees. The company had raised \$19.4M over three funding rounds. In 2018, Belgian private equity firm NXMH acquired an 80% stake in the company at a \$500M valuation. Other minority shareholders were Ripple, Pantera, Broslyn Capital, VironIT, and MV Global.

Buyer: Robinhood (NASDAQ: HOOD)

Robinhood is an online retail broker that revolutionized the brokerage industry with their commission-free model. Today, they have expanded their offering to include stocks, options, crypto, and a subscription service that offers enhanced features.

In 2021, Robinhood expanded its crypto trading capabilities by acquiring Cove Markets. In 2022, the company partnered with Circle to offer USDC stablecoin within the Robinhood ecosystem.

In the last twelve months, Robinhood has done \$2.04B in revenue and \$668M in normalized EBITDA. The firm currently has 23.9M funded customers and 13.7M monthly active users. Q1 2024 crypto revenues were \$126M, up 232% year-over-year. As of March 31, 2024, Robinhood custodies \$26.2B in crypto assets, an increase of \$11.5B since December 31, 2023.

Founded in 2013 by Vladimir Tenev and Baiju Bhatt, Robinhood now has over 3,800 employees. The company has raised over \$7.5B through 11 equity funding rounds, with key investors including Sequoia Capital, Andreessen Horowitz, Google Ventures, D1 Capital Partners, and DST Global. In July 2021, Robinhood went public via an initial public offering (IPO), valuing the company at approximately \$32B. Today the company has a market cap of \$20.2B and trades at an EV / LTM revenue multiple of 7.4x and an EV / LTM normalized EBITDA multiple of 22.6x. The stock is currently up 85% YTD in 2024.

Transaction Parameters

Robinhood acquired Bitstamp for \$200M in an all-cash deal. The deal is subject to regulatory approval and is expected to close in the first half of 2025.

In FCA filings, Bitstamp's UK entity revenue was \$31M in 2022. We estimate the last twelve months' revenue of approximately \$25M using a trading volume / revenue ratio from historical reported periods. This results in an EV/revenue multiple of 8x. This compares to Robinhood's current equivalent valuation multiple of 7.4x, as highlighted above.

This is the middle of the pack for their comparables, but nearly half of Coinbase's revenue multiple:

Coinbase: 14.7x Enterprise Value / LTM Revenue Multiple

Bakkt: 4.6x Enterprise Value / LTM Net Revenue Multiple

Galaxy: 6.9x Enterprise Value / LTM Revenue Multiple

We will update EV / revenue multiple as Robinhood publishes their relevant public filing. The deal represents a significant discount from the \$500M valuation in the 2018 majority investment.

Strategic Rationale

Crypto continues to take an increasingly important role in Robinhood's business, accounting for 20% of total revenue in Q1 2024. Despite receiving a Wells notice from the SEC in May 2024, the company continues to expand its crypto business. This acquisition instantly expands global reach to ensure participation regardless of US actions. It also expands the institutional offering, which positions Robinhood as one of the few publicly traded crypto-influenced companies that will be able to serve institutions as they come into the digital asset space.

Architect Partners' Observations

Bitstamp is a prime asset due to its long operating history and global licensing reach. We feel Robinhood valued the global reach and the institutional business the most and acquired at a reasonable price. The stock market reaction was positive as well, trading up 7% on the news.



On valuation, this deal is an important marker of the current market, albeit with a small sample size. Valuations have right-sized again and parties on both sides are beginning to bridge the recent gap in expectations. The deal also shows the value of cash as a form of consideration to allow the facilitation of transactions. Often, in today's M&A market, equity is offered as a large component of consideration, creating a myriad of challenges to transaction completion.

For the industry, we view bridge transactions - where traditional finance acquires a crypto-native - as a strongly positive indicator. Consolidation will continue for crypto exchanges and more traditional finance participants will broaden the potential acquirer universe.

Sources

[PitchBook](#), [Bitstamp Website](#), [Robinhood Website](#), [FCA Filings](#)