Short: Nebius Group NV

NASDAQ: NBIS

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COMPANY OVERVIEW

NEBIUS

Business Overview

- Provides full-stack AI infrastructure, including data centers, proprietary hardware, and cloud platforms
- Headquarters in the Netherlands, R&D and Engineering hubs and offices in 12+ countries across North America, Europe, and Israel
- Founded in 1989, IPO in 2011
- Built on foundation of Yandex N.V. after its 2024 divestment of its Russian assets and subsidiaries, no longer owns Russian assets

Nebius Overview (Core AI Infrastructure)

- **Services:** Offers AI-centric cloud platforms built for intensive AI workloads, including large-scale GPU clusters and developer tools
- **Infrastructure:** Owns and operates data centers in Finland, Paris, and Kansas City, with a 300MW facility under construction in New Jersey
- **Clients:** Targets AI developers and enterprises requiring high-performance computing resources

Financial Snapshot

	2020	2021	2022	2023	2024
Revenue	2.95B	4.75B	7.42B	21M	117.5M
Gross Profit	1.79B	2.43B	4.01B	-11M	44.1M
Operating Profit	220M	-179M	188M	-328M	-441M
Net Income	314M	-196M	561M	241M	-641M

Note: The significant drop in revenue from 2022 to 2023 is from the restructuring and separation from Yandex, leading to a narrower focus on AI infrastructure.

INDUSTRY OVERVIEW

NEBIUS

AI Infrastructure Industry

- AI Infrastructure: the combination of hardware, software, and cloud infrastructure needed to develop, train, deploy, and scale artificial intelligence systems
- Industry is extremely capital-intensive, highly competitive, and prone to policy shocks (e.g., chip export bans, climate restrictions)
- AI infrastructure is the backbone of the global AI race
- 2024 market size was around $60 billion globally

Key Industry Trends

- **Generative AI Adoption:** Significant driver of infrastructure demand, as 98% of organizations explore its use and 39% use it in production
- **Hyperscaler Investments:** Major tech companies are investing heavily in AI infrastructure. For instance, Meta plans to invest between $60 billion and $65 billion in 2025 to expand its AI capabilities.
- **Energy Considerations:** Data centers are consuming increasing amounts of energy, causing investments in energy-efficient technologies

Major Competitors

NVIDIA

Dominates the data center GPU market with a 92% market share, essential for AI workloads

Microsoft

Lead in foundation models and model management platforms, holding an estimated 39% market share in 2024

Meta

Investing heavily in AI infrastructure, aiming to have over 1.3 million GPUs by the end of 2025

SITUATION ANALYSIS

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Valuation Current Standing vs. Peers

- Trades at ~11× EV/2025E revenue, versus:
  - CoreWeave (8–9×) despite stronger enterprise traction
  - Lambda, Paperspace, and other GPU cloud peers (3–5×) with similar or better unit efficiency
- Public hyperscalers (AWS, Azure, GCP) trade at ~3–4× infra-adjusted revenue despite deep moats and software leverage
- Software <10% of revenue yet valuation implies a full-stack SaaS multiple
- Burn-heavy CapEx model (~$2B cumulative spend through 2026) resembles an infra utility, not a software platform
- Low utilization, minimal pricing power, and high customer concentration undercut the margin assumptions baked into current multiples

Historical Context

- Inherited inflated expectations from Yandex's historic ~$30B valuation—yet Nebius now lacks both scale and diversified revenue base
- Pre-spin metrics (2020–2022) showed profitability, but these were driven by Yandex's consumer and ad-tech flywheel—not AI infra
- 2023 reset: revenue dropped from $7.4B (legacy) to $21M, with negative gross margins and heavy reinvestment needs
- Valuation implies a return to hyper growth without the benefit of Yandex's bundled ecosystem or cross-subsidized platform
- Despite raising $700M in late 2024, capital needs persist—suggesting dilution risk at a valuation already pricing in perfect execution

INVESTMENT THESIS

NEBIUS

Recommendation: Short	Current Price: $24.00	Price Target: $10.49

Thesis 1

Nebius is burning cash as it races to buy ever-new, underutilized GPUs until demand outpaces supply

Nebius is spending aggressively on GPU infrastructure ahead of demand, locking up capital in depreciating assets that may sit idle for quarters. This front-loaded expansion strains liquidity and exposes the model to utilization risk without near-term revenue offsets..

Thesis 2

Its software upsell has barely started yet needs to scale massively in a market dominated by cloud giants.

While Nebius pitches itself as a full-stack AI platform, software remains a minor revenue contributor and lacks the distribution muscle of hyperscalers. Achieving its ambitious upsell targets requires a rapid go-to-market execution in a space already controlled by AWS, Azure, and GCP.

Thesis 3

At today's valuation, you're betting on perfect execution; any misstep could trigger a sharp re-rating.

Nebius trades at premium multiples that price in flawless delivery on revenue, utilization, and software growth. In a highly competitive, capital-intensive industry, even modest delays or margin compression could catalyze a major drawdown.

CATALYSTS

NEBIUS

1. **GPU Inventory Burn & Depreciation Risk**
   a. *Under-utilized H100/Blackwell clusters:* Nebius is "burning cash" to stock cutting-edge GPUs; slow uptake could leave them with idle, rapidly depreciating assets
   b. *Secured debt on GPUs*: Recent analyses warn that debt is collateralized by GPUs that lose value quickly, elevating refinancing and impairment risk
2. **Intensifying Price Competition**
   a. *Barely profitable price war:* Nebius undercuts peers (e.g., $3.15/hr for H100 vs. CoreWeave's $4.76/hr), but margin squeeze is imminent if they can't scale software upsell fast enough
   b. *Hyperscaler threat:* AWS, GCP and Azure offer integrated AI stacks at scale; any pricing moves by them to defend share could force deeper cuts
3. **Software Upsell Lag**
   a. *Low software and managed-services penetration:* Management has flagged that non-infrastructure revenue is still single-digit % of total; failure to accelerate this means continued cash burn
   b. *Tech adoption friction:* Enterprise buyers often stick with one-stop hyperscalers; Nebius's software go-to-market faces long sales cycles

DCF SUMMARY

NEBIUS

Case	Projected EV	Price Target	Implied Upside	Notes
Bull	2,750	$15.37	-39.5%	Better than expectations
Base	1,707	$10.94	-56.9%	On par with expectations
Bear	-376	$2.11	-91.7%	Utilization rates lower than expected, Software growth meets 75% expectations

PUBLIC COMPARABLES

NEBIUS

Lockheed Martin Corporation: Comparable Companies Analysis						
			Market and Financial Data			Valuation Multiple
Company Name	**Ticker**	**Price Close (04/27)**	**Market Cap ($B)**	**EV ($B)**	**LTM EBITDA ($B**	**EV/LTM EBITDA**
CoreWeave	CRWV	$51.57	$23.93	$28.20		
Super Micro Computer Inc.	SMCI	$33.71	$20.12	$20.60	$1.60	12.9x
Nebius Group	NBIS	$25.40	$5.99	$3.23	-$0.32	-10.1x
NVIDIA Corporation	NVDA	$114.50	$2,793.80	$2,760.00	$86.14	32.0x
Amazon	AMZN	$189.98	$2,016.14	$2,060.00	$134.99	15.3x
Google	GOOG	$165.81	$1,998.77	$1,931.00	$150.00	12.9x
Maximum						32.0x
75th Percentile						19.5x
Average						12.5x
Median						**14.1x**
25th Percentile						7.1x
Minimum						-10.1x

RENT REVENUE MODEL

NEBIUS

Base

Year	GPU Type	GPUs	Eff Utilization	Rate ($/hr)	Revenue (M$)	Combined (M$)
2025	H200	50,000	44.80%	1.75	$343.39	~
2025	Blackwell	50,000	44.80%	2.5	$490.56	$833.95
2026	H200	75,000	54%	1.5	$534.14	~
2026	Blackwell	75,000	54%	2.25	$801.21	$1,335.35
2027	H200	100,000	57%	1.25	$623.06	
2027	Blackwell	100,000	57%	2	$996.89	$1,619.94
2028	H200	120,000	63%	1.25	$821.25	~
2028	Blackwell	120,000	63%	1.75	$1,149.75	$1,971.00
2029	H200	120,000	65%	1	$683.28	~
2029	Blackwell	120,000	65%	1.5	$1,024.92	$1,708.20

Bear

Year	GPU Type	GPUs	Eff Utilization	Rate ($/hr)	Revenue (M$)	Combined (M$)
2025	H200	50,000	34.80%	1.75	$266.74	~
2025	Blackwell	50,000	34.80%	2.5	$381.06	$647.80
2026	H200	75,000	44%	1.5	$435.59	~
2026	Blackwell	75,000	44%	2.25	$653.39	$1,088.98
2027	H200	100,000	47%	1.25	$513.56	~
2027	Blackwell	100,000	47%	2	$821.69	$1,335.24
2028	H200	120,000	53%	1.25	$689.85	~
2028	Blackwell	120,000	53%	1.75	$965.79	$1,655.64
2029	H200	120,000	55%	1	$578.16	~
2029	Blackwell	120,000	55%	1.5	$867.24	$1,445.40

Bull

Year	GPU Type	GPUs	Eff Utilization	Rate ($/hr)	Revenue (M$)	Combined (M$)
2025	H200	50,000	54.80%	1.75	$420.04	~
2025	Blackwell	50,000	54.80%	2.5	$600.06	$1,020.10
2026	H200	75,000	54%	1.5	$534.14	~
2026	Blackwell	75,000	54%	2.25	$801.21	$1,335.35
2027	H200	100,000	57%	1.25	$623.06	~
2027	Blackwell	100,000	57%	2	$996.89	$1,619.94
2028	H200	120,000	53%	1.25	$689.85	~
2028	Blackwell	120,000	63%	1.75	$1,149.75	$1,839.60
2029	H200	120,000	65%	1	$683.28	~
2029	Blackwell	120,000	75%	1.5	$1,182.60	$1,865.88

Utilization Assumption: 65%

1. Calculate Average GPUs Deployed:

$$\text{Avg GPUs}_t = \frac{\text{GPUs}_{t-1,\text{end}} + \text{GPUs}_{t,\text{end}}}{2}$$

2. Apply Steady-State Utilization:

$$\text{Effective Util}_t = \frac{\text{Avg GPUs}_t}{\text{GPUs}_{t,\text{end}}} \times \text{Steady Utilization}$$

Rental rates decline over time as supply increases and demand for older technology falls

DCF - BEARISH

Nebius Group NV
Discounted Cash Flow Analysis
Valuation Date: May 4th, 2025

All figures in millions USD	HISTORICAL FINANCIALS			PROJECTION PERIOD						
	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E	2030E
REVENUE	14	21	118	798	1,276.50	1,560.20	1,925.60	1,767.90	1,622.93	1,489.85
Growth, %		54.8	*462.2*		*60.10%*	*22.20%*	*23.40%*	*-8.2%*	*-8.2%*	*-8.2%*
R&D	3	9	20	50	81	118	193	177	162	149
Growth, %		171.9%	131.0%		*60.30%*	*45.90%*	*63.70%*	*-8.30%*	*-8.30%*	*-8.30%*
COGS	10	15	89	479	587.19	546.07	673.96	618.77	568.03	521.45
% of Sales	75.60%	70.30%	75.50%	*60.00%*	*46.00%*	*35.00%*	*35.00%*	*35.00%*	*35.00%*	*35.00%*
GROSS PROFIT	3	6	29	319	689	1,014	1,252	1,149	1,055	968
Gross Margin, %	24.40%	29.70%	*24.50%*	*40.00%*	*54.00%*	*65.00%*	*65.00%*	*65.00%*	*65.00%*	*65.00%*
Growth, %	—	87.90%	364.50%		60.10%	22.20%	23.40%	-8.2%	-8.2%	-8.2%
SG&A & Non Recurring Expenses	7	12	50	160	255	312	385	354	354	354
% of Sales	*51.90%*	*58.90%*	*42.40%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*
TOTAL COSTS	20	36	159	689	923	976	1,252	1,149	1,084	1,024
Growth, %	—	75.20%	*344.70%*		*60.10%*	*27.90%*	*34.50%*	*-8.2%*	*-8.2%*	*-8.2%*
EBIT	-7	-15	-41	-411	-707	-629	-515	-394	-474	-547
Margin, %	-51.1%	-70.8%	*-35.0%*	*-45.20%*	*-63.10%*	*-57.80%*	*-41.80%*	*-37.30%*	*-37.30%*	*-37.30%*
Tax	0	0	0	0	0	0	0	0	0	0
EBITDA	-6	-11	9	109	353	585	674	619	539	466
D&A	1	4	50	520	1,060.00	1,214.00	1,189.00	1,013.00	1,013.00	1,013.00
% of Sales	*5.90%*	*16.80%*	*42.60%*	*65.20%*	*83.00%*	*77.80%*	*61.70%*	*57.30%*	*57.30%*	*57.30%*
Capex	1	3	808	1,050.00	2,000.00	1,500.00	100	50	50	50
% of Sales	*8.90%*	*12.00%*	*688.50%*	*131.60%*	*156.70%*	*96.10%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*
Net Working Capital (exc Cash)	13	20	61	399	638	780	963	884	884	884
% of Sales	*92.60%*	*95.70%*	*51.90%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*
Change in NWC	8	8	41	399	239	142	183	-79	-79	-79
UNLEVERED FREE CASH FLOW	-15	-21	-840	-1,340	-1,886	-1,057	391	648	568	495
WACC				12.80%	12.80%	12.80%	12.80%	12.80%	12.80%	12.80%
Discount Period				1.0	2.0	3.0	4.0	5.0	6.0	7.0
Discount Factor				0.89	0.79	0.70	0.62	0.55	0.48	0.42
PV OF FREE CASH FLOW				-1,188	-1,484	-739	243	357	273	208

TERMINAL VALUE	
Terminal Year Free Cash Flow	495
Perpetuity Growth Rate	2.0%
Terminal Value	4,657
Implied Exit Multiple	5.00
Discount Period	7
Discount Factor	0.42
PV OF TERMINAL VALUE	1,956

VALUATION	
ENTERPRISE VALUE	-376
(+) Cash	2,450
(-) Debt	1,578
MARKET CAP	497
Outstanding Shares	236
IMPLIED PRICE	$2.11
Current Price	$25.40
Implied Upside/Downside	-91.7%

WACC CALCULATION	
Debt	1,578
% Debt	26.3%
COST OF DEBT	5.0%
Effective Tax Rate	20.0%
Equity Value	4,423
% Equity	93.2%
COST OF EQUITY	12.7%
Risk Free Rate	4.3%
Beta	1.30
Equity Risk Premium	6.5%
WACC	12.8%

SENSITIVITY ANALYSIS

		Perpetuity Growth Rate				
		2.4%	2.2%	2.0%	1.8%	1.6%
	12.4%	$3.64	$3.39	$3.14	$2.91	$2.68
	12.6%	$3.34	$3.09	$2.86	$2.63	$2.41
WACC	12.8%	$3.04	$2.81	$2.58	$2.37	$2.16
	13.0%	$2.76	$2.54	$2.32	$2.11	$1.91
	13.2%	$2.49	$2.28	$2.07	$1.87	$1.68

DCF - BASE

NEBIUS

Nebius Group NV
Discounted Cash Flow Analysis
Valuation Date: May 4th, 2025

All figures in millions USD	HISTORICAL FINANCIALS 2022A	2023A	2024A	PROJECTION PERIOD 2025E	2026E	2027E	2028E	2029E	CAGR 2030E	2030E
REVENUE	**14**	**21**	**118**	**$1,033.95**	**$1,635.35**	**$1,994.94**	**$2,421.00**	**$2,203.20**	**$2,022.54**	**$1,856.69**
Growth, %		54.8	*462.2*		*60.10%*	*22.20%*	*23.40%*	*-8.2%*	*-8.2%*	*-8.2%*
R&D	3	9	20	50	81	118	193	177	162	149
Growth, %		171.9%	131.0%		*60.30%*	*45.90%*	*63.70%*	*-8.30%*	*-8.30%*	*-8.30%*
COGS	10	15	89	479	752.26	698.23	847.35	771.12	707.89	649.84
% of Sales	75.60%	70.30%	75.50%	*60.00%*	*46.00%*	*35.00%*	*35.00%*	*35.00%*	*35.00%*	*35.00%*
GROSS PROFIT	**3**	**6**	**29**	**555**	**883**	**1,297**	**1,574**	**1,432**	**1,315**	**1,207**
Gross Margin, %	24.40%	29.70%	*24.50%*	*40.00%*	*54.00%*	*65.00%*	*65.00%*	*65.00%*	*65.00%*	*65.00%*
Growth, %	—	87.90%	364.50%		60.10%	22.20%	23.40%	-8.2%	-8.2%	-8.2%
SG&A & Non Recurring Expenses	7	12	50	160	255	312	385	354	354	354
% of Sales	*51.90%*	*58.90%*	*42.40%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*
TOTAL COSTS	**20**	**36**	**159**	**689**	**1,088**	**1,128**	**1,425**	**1,302**	**1,224**	**1,152**
Growth, %	—	75.20%	*344.70%*		*60.10%*	*27.90%*	*34.50%*	*-8.2%*	*-8.2%*	*-8.2%*
EBIT	**-7**	**-15**	**-41**	**-175**	**-513**	**-347**	**-193**	**-111**	**-214**	**-308**
Margin, %	*-51.1%*	*-70.8%*	*-35.0%*	*-45.20%*	*-63.10%*	*-57.80%*	*-41.80%*	*-37.30%*	*-37.30%*	*-37.30%*
Tax	0	0	0	0	0	0	0	0	0	0
EBIAT	**-6**	**-11**	**9**	**345**	**547**	**867**	**996**	**902**	**799**	**705**
D&A	1	4	50	520	1,060.00	1,214.00	1,189.00	1,013.00	1,013.00	1,013.00
% of Sales	*5.90%*	*16.80%*	*42.60%*	*65.20%*	*83.00%*	*77.80%*	*61.70%*	*57.30%*	*57.30%*	*57.30%*
Capex	1	3	808	1,050.00	2,000.00	1,500.00	100	50	50	50
% of Sales	*8.90%*	*12.00%*	*688.50%*	*131.60%*	*156.70%*	*96.10%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*
Net Working Capital (exc Cash)	13	20	61	399	638	780	963	884	884	884
% of Sales	*92.60%*	*95.70%*	*51.90%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*
Change in NWC	8	8	41	399	239	142	183	-79	-79	-79
UNLEVERED FREE CASH FLOW	**-15**	**-21**	**-840**	**-1,104**	**-1,692**	**-775**	**713**	**930**	**828**	**733**
WACC				12.80%	12.80%	12.80%	12.80%	12.80%	12.80%	12.80%
Discount Period				1.0	2.0	3.0	4.0	5.0	6.0	7.0
Discount Factor				0.89	0.79	0.70	0.62	0.55	0.48	0.42
PV OF FREE CASH FLOW				**-979**	**-1,332**	**-542**	**443**	**513**	**397**	**308**

TERMINAL VALUE	
Terminal Year Free Cash Flow	733
Perpetuity Growth Rate	2.0%
Terminal Value	6,900
Implied Exit Multiple	5.00
Discount Period	7
Discount Factor	0.42
PV OF TERMINAL VALUE	**2,898**

VALUATION	
ENTERPRISE VALUE	**1,707**
(+) Cash	2,450
(-) Debt	1,578
MARKET CAP	**2,580**
Outstanding Shares	236
IMPLIED PRICE	**$10.94**
Current Price	$25.40
Implied Upside/Downside	**-56.9%**

WACC CALCULATION	
Debt	1,578
% Debt	26.3%
COST OF DEBT	**5.0%**
Effective Tax Rate	20.0%
Equity Value	4,423
% Equity	93.2%
COST OF EQUITY	**12.7%**
Risk Free Rate	4.3%
Beta	1.30
Equity Risk Premium	6.5%
WACC	**12.8%**

SENSITIVITY ANALYSIS

		Perpetuity Growth Rate 2.4%	2.2%	2.0%	1.8%	1.6%
	12.4%	$13.29	$12.91	$12.55	$12.20	$11.86
	12.6%	$12.80	$12.44	$12.09	$11.75	$11.43
WACC	12.8%	$12.33	$11.98	$11.65	$11.33	$11.02
	13.0%	$11.88	$11.55	$11.23	$10.92	$10.63
	13.2%	$11.45	$11.13	$10.82	$10.53	$10.25

DCF - BULLISH

NEBIUS

Nebius Group NV
Discounted Cash Flow Analysis
Valuation Date: May 4th, 2025

	HISTORICAL FINANCIALS			PROJECTION PERIOD					CAGR	
All figures in millions USD	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E	2030E
REVENUE	14	21	118	$1,362.00	$1,735.30	$2,100.00	$2,391.50	$2,425.00	$2,226.15	$2,043.61
Growth, %		54.8	*462.2*		*60.10%*	*22.20%*	*23.40%*	*-8.2%*	*-8.2%*	*-8.2%*
R&D	3	9	20	50	81	118	193	177	162	149
Growth, %		171.9%	131.0%		*60.30%*	*45.90%*	*63.70%*	*-8.30%*	*-8.30%*	*-8.30%*
COGS	10	15	89	479	798.24	735.00	837.03	848.75	779.15	715.26
% of Sales	75.60%	70.30%	75.50%	*60.00%*	*46.00%*	*35.00%*	*35.00%*	*35.00%*	*35.00%*	*35.00%*
GROSS PROFIT	3	6	29	883	937	1,365	1,554	1,576	1,447	1,328
Gross Margin, %	24.40%	29.70%	*24.50%*	*40.00%*	*54.00%*	*65.00%*	*65.00%*	*65.00%*	*65.00%*	*65.00%*
Growth, %	—	87.90%	364.50%		60.10%	22.20%	23.40%	-8.2%	-8.2%	-8.2%
SG&A & Non Recurring Expenses	7	12	50	160	255	312	385	354	354	354
% of Sales	*51.90%*	*58.90%*	*42.40%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*
TOTAL COSTS	20	36	159	689	1,134	1,165	1,415	1,379	1,295	1,218
Growth, %	—	75.20%	*344.70%*		*60.10%*	*27.90%*	*34.50%*	*-8.2%*	*-8.2%*	*-8.2%*
EBIT	-7	-15	-41	153	-459	-279	-212	33	-82	-187
Margin, %	-51.1%	-70.8%	*-35.0%*	*-45.20%*	*-63.10%*	*-57.80%*	*-41.80%*	*-37.30%*	*-37.30%*	*-37.30%*
Tax	0	0	0	0	0	0	0	0	0	0
EBIAT	-6	-11	9	673	601	935	977	1,046	931	826
D&A	1	4	50	520	1,060.00	1,214.00	1,189.00	1,013.00	1,013.00	1,013.00
% of Sales	*5.90%*	*16.80%*	*42.60%*	*65.20%*	*83.00%*	*77.80%*	*61.70%*	*57.30%*	*57.30%*	*57.30%*
Capex	1	3	808	1,050.00	2,000.00	1,500.00	100	50	50	50
% of Sales	*8.90%*	*12.00%*	*688.50%*	*131.60%*	*156.70%*	*96.10%*	*20.00%*	*20.00%*	*20.00%*	*20.00%*
Net Working Capital (exc Cash)	13	20	61	399	638	780	963	884	884	884
% of Sales	*92.60%*	*95.70%*	*51.90%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*
Change in NWC	8	8	41	399	239	142	183	-79	-79	-79
UNLEVERED FREE CASH FLOW	-15	-21	-840	-776	-1,638	-706	694	1,075	960	855
WACC				12.80%	12.80%	12.80%	12.80%	12.80%	12.80%	12.80%
Discount Period				1.0	2.0	3.0	4.0	5.0	6.0	7.0
Discount Factor				0.89	0.79	0.70	0.62	0.55	0.48	0.42
PV OF FREE CASH FLOW				-688	-1,289	-494	431	592	461	359

TERMINAL VALUE	
Terminal Year Free Cash Flow	855
Perpetuity Growth Rate	2.0%
Terminal Value	8,043
Implied Exit Multiple	5.00
Discount Period	7
Discount Factor	0.42
PV OF TERMINAL VALUE	**3,378**

VALUATION	
ENTERPRISE VALUE	**2,750**
(+) Cash	2,450
(-) Debt	1,578
MARKET CAP	**3,623**
Outstanding Shares	236
IMPLIED PRICE	**$15.37**
Current Price	$25.40
Implied Upside/Downside	**-39.5%**

WACC CALCULATION	
Debt	1,578
% Debt	26.3%
COST OF DEBT	**5.0%**
Effective Tax Rate	20.0%
Equity Value	4,423
% Equity	93.2%
COST OF EQUITY	**12.7%**
Risk Free Rate	4.3%
Beta	1.30
Equity Risk Premium	6.5%
WACC	**12.8%**

SENSITIVITY ANALYSIS

		Perpetuity Growth Rate				
		2.4%	2.2%	2.0%	1.8%	1.6%
	12.4%	$18.12	$17.68	$17.26	$16.85	$16.46
	12.6%	$17.54	$17.12	$16.72	$16.33	$15.95
WACC	12.8%	$16.99	$16.59	$16.20	$15.83	$15.46
	13.0%	$16.46	$16.07	$15.70	$15.34	$15.00
	13.2%	$15.95	$15.58	$15.22	$14.88	$14.55

RISKS & MITIGATION

NEBIUS

- **AI Demand Could Stay Elevated**
  - *Risk*: Ongoing AI boom could keep GPU rental demand high despite falling unit economics
  - *Mitigant*: Even with strong demand, increasing supply from hyperscalers (e.g., Microsoft, Google) and competitors like CoreWeave could drive rental prices down, compressing margins
- **NBIS Becomes More than Just a GPU Host**
  - *Risk*: If NBIS grows its software/platform revenue significantly, its margin profile improves and thesis weakens
  - *Mitigant*: Software is currently <10% of revs; even 2025 guidance assumes only ~$200M ARR, which we discounted in the base case
- **Nvidia Backing as Validation**
  - *Risk*: Nvidia's involvement may give NBIS credibility and access to better pricing or hardware
  - *Mitigant*: Nvidia has backed multiple players (e.g., CoreWeave), so it doesn't imply differentiation or moat