

Cerebras Systems Inc. (CBRS)

Equity research note | Nasdaq | AI compute | Routine refresh | Data through 10 September 2026

WATCHLIST	\$191.34	\$192.50 (+0.6%)	56 / 100
RATING	ALPHA VANTAGE PRICE	WEIGHTED FAIR VALUE	INVESTMENT SCORE

Verdict reaffirmed. Cerebras has added credible product and capacity milestones since the August note. The shares still discount rapid execution across customer conversion, infrastructure delivery and margin normalization. Alpha Vantage confirms the price at \$191.34. The valuation leaves almost no margin of safety.

The investment case

Cerebras sells wafer-scale AI systems and consumption-based cloud inference. Its architecture keeps more of a model on one enormous processor, reducing the interconnect burden faced by conventional GPU clusters. Cloud and other services supplied 70% of second-quarter GAAP revenue, up from 32% a year earlier, showing that customers increasingly buy compute rather than hardware.

The business remains unusually hard to value. OpenAI, AWS, G42 and Mohamed bin Zayed University are material counterparties, and the filing identifies dependence on a limited group as a central risk. OpenAI revenue recognition has started, while the AWS leases had not commenced by 30 June. Capacity commitments and customer warrants make the economics more complex than a normal chip sale.

Framework for the next two years

Driver	What must happen	Current read
Contract conversion	OpenAI and AWS commitments become recognized, diversified revenue	OpenAI recognition has started; AWS had not commenced at quarter-end
Cloud unit economics	Core growth converts into improving GAAP gross and operating margins	Core margin improved, but GAAP gross margin was 14.2%
Capacity execution	Contracted power and manufacturing arrive on schedule without cost overruns	600 MW contracted at Q2, plus a phased 165 MW Finland site
Technical lead	CS-4 speed and efficiency claims translate into durable customer wins	Claims reach 2x CS-3 speed and 10x throughput per watt
Concentration	Revenue mix broadens beyond strategic counterparties	Limited-customer dependence remains material

What changed since the prior report

Development	Evidence	Investment effect
CS-4 launch	Introduced 18 August; management claims up to 30x GPU speed	Supports the moat, pending independent workload evidence
Finland capacity	165 MW phased site; initial 50 MW under construction	Improves capacity visibility and adds long-duration obligations
Insider selling	Moomoo surfaced three September Form 4 sales totaling about \$29.6m	Adds a caution signal after the IPO-era run
Share price	\$196.13 in the prior note versus \$191.34 now	Valuation relief remains modest at about 2.4%

Financial position and operating quality

Metric	Q2 2026	Q2 2025	Read-through
GAAP revenue	\$180.1m	\$103.3m	+74%; growth is real despite accounting complexity
Cloud and services	\$126.0m	\$33.0m	+281%; mix shifted toward recurring consumption
Hardware	\$54.1m	\$70.3m	Down 23%; cloud drove the quarter
GAAP gross profit	\$25.6m	\$32.1m	14.2% margin versus 31.1%; warrant amortization weighs
GAAP operating loss	\$(477.2)m	\$(57.2)m	Includes \$377.0m of stock compensation
Core operating loss	\$(33.6)m	\$(43.9)m	Underlying loss narrowed on management's basis
Cash and investments	\$7.92bn	\$1.11bn Dec. 2025	Large liquidity pool; excludes restricted cash

Q2 core gross profit added back \$44.3 million of customer-warrant amortization and \$15.4 million of stock compensation. Core operating loss added back \$377.0 million of stock compensation and other items. Listing-related awards explain much of the spike, while dilution and customer incentives remain economic costs.

Competitive position and management

Cerebras has a credible architectural distinction in low-latency inference. CS-4 extends that pitch with a rack-scale system built from three WSE-3 Turbo processors. The advantage is narrow. NVIDIA's CUDA ecosystem, hyperscaler accelerators and AMD's roadmap give customers several alternatives.

Management executed a record semiconductor IPO, secured major strategic counterparties and shifted the mix toward cloud. The harder test is converting agreements into GAAP economics. The Q2 call described a 2027 revenue tripling plan and \$25.4 billion of remaining performance obligations. Delivery matters more than another partnership announcement.

Growth drivers

Catalyst	Likelihood	Impact	Assessment
OpenAI deployments scale through 2028	High	Very high	Contracted; timing and service-credit repayment complicate conversion
AWS lease conditions are satisfied	Moderate	High	No revenue recognized at 30 June
CS-4 wins production workloads	Moderate	High	Performance claims need commercial validation
European capacity opens on schedule	Moderate	Medium	Construction started on the first 50 MW Finland phase

Principal risks

Risk	Probability	Severity	Why it matters
Customer concentration	Present	Severe	Strategic counterparties drive demand and financing terms
Contract conversion	Moderate	High	Valuation assumes commitments become revenue on schedule
GAAP margin gap	High	High	Warrants, stock pay and capacity costs can keep statutory economics weak
Capacity execution	Moderate	High	\$2.3bn of future lease payments were added after quarter-end
Valuation compression	High	High	About 41x forward core sales needs no operational failure to fall
Competition	Ongoing	Medium	CUDA, custom silicon and GPUs attack the same workloads

Valuation

At \$191.34 and about 227.3 million net shares outstanding, equity value is roughly \$43.5 billion. Adding the \$918.2 million working-capital loan and subtracting \$7.92 billion of cash and investments gives enterprise value near \$36.5 billion. Against the \$885 million midpoint of raised full-year core revenue guidance, that is about 41.2 times sales.

A DCF would be dominated by assumptions about deployment, warrant economics and capacity costs. Scenario-based sales valuation is more honest. New products and Finland capacity lift the bull case, while weak GAAP margins preserve a wide bear case.

The two macro drivers are the discount rate and power economics. The 10-year Treasury closed at 4.95% on 10 September, a 52-week high, lifting the hurdle rate for distant cash flows. Brent near \$105.37 raises capacity costs while increasing the value of energy efficiency.

Measure	Value	Comment
Share price	\$191.34	Alpha Vantage GLOBAL_QUOTE, 10 Sep 2026
Net shares outstanding	~227.3m	Classes A, B and N less treasury shares
Equity value	~\$43.5bn	Calculated
Enterprise value	~\$36.5bn	Adds loan, subtracts cash and investments
EV / FY26 core revenue	~41.2x	On \$885m guidance midpoint
Street target	~\$292 average	11 analysts; range \$209 to \$330

Sentiment and technical setup

Moomoo's raw feed and separate digest produced a mixed read. Mizuho maintained Buy and \$300, UBS held \$330, Morgan Stanley held \$279 and Rosenblatt held \$300. The same feed surfaced three September insider sales totaling about \$29.6 million plus mixed options sentiment. The analyst enthusiasm supports the bull case, while the insider cluster and valuation keep the overall direction neutral.

Twelve Data supplied 83 rows. The live 11 September bar carried only 62,810 shares versus multi-million-share norms, so it was discarded. On 82 completed sessions through 10 September, price sits below both the 20-day and 50-day averages. RSI is neutral-weak and MACD remains negative, though the positive histogram shows downside momentum is easing. The listing history is too short for 100-day or 200-day averages.

Indicator	Reading	Interpretation
Price vs SMA	\$191.34 vs \$199.50 / \$202.38	Below 20-day and 50-day trend
EMA 20 / 50	\$197.54 / \$207.77	Price remains below both
RSI (14)	46.57	Neutral with a weak bias
MACD / signal	-4.89 / -5.50	Negative level; +0.61 histogram is improving
ATR (14)	\$12.57	About 6.6% of price; volatility remains high
20-day range	\$168.70 to \$261.08	Wide post-listing range
100 / 200-day	Not computed	Only 82 completed sessions available

Scorecard

Factor	Score	Weight	Rationale
Business Quality	6 / 10	15%	Real differentiation, complicated economics
Financial Strength	7 / 10	15%	Large cash pool, sizable commitments
Competitive Advantage	7 / 10	15%	Fast inference, narrow moat against broad ecosystems
Management	6 / 10	10%	Strong deal execution; aggressive core framing
Growth Potential	8 / 10	15%	Contracted demand and cloud mix shift
Valuation	2 / 10	15%	About 41x forward core sales
Risk (10 = lowest risk)	3 / 10	10%	Concentration, leases and execution are correlated
Technical Setup	4 / 10	5%	Below 20/50-day averages; momentum is stabilizing
Investment Score	56 / 100	100%	Computed weighted sum

Scored 1-10, where 10 is always best, including Risk. The prior report used the same Risk direction, so no restatement was needed.

Risk 3/10 means high risk. That agrees with the concentration, conversion, capacity and valuation risks described above.

Scenario analysis

Case	Probability	Operating outcome	Fair value
Bull	25%	OpenAI and AWS ramp, CS-4 wins share, margins normalize and 2027 revenue approaches management's plan	\$310
Base	50%	Strong growth continues, capacity arrives with friction and the multiple compresses	\$185
Bear	25%	Deployment slips, concentration persists and the stock resets toward a hardware multiple	\$90
Weighted	100%	Probability-weighted fair value, computed	\$192.50

Recommendation

Watchlist. The recommendation is unchanged. Product evidence and contracted capacity are stronger than on 21 August, while the shares trade almost exactly at probability-weighted fair value. The connected technical data shows no favorable trend break.

The shares become more interesting around \$125 to \$135. That range sits above the \$90 bear case and below the base case by enough to compensate for execution risk. No cut-loss or take-profit levels are appropriate because this is a Watchlist rating.

Toward Buy	Toward Avoid
OpenAI and AWS revenue converts at scale, with concentration falling	Deployment slips or customer relationships weaken
GAAP and core margins converge	GAAP losses remain extreme after listing effects pass
Shares reach \$125 to \$135 without a thesis break	Lease commitments rise faster than visible demand
CS-4 claims gain independent validation	Competitive benchmarks show the speed advantage narrowing

Final investment memo

The current price does not justify committing capital. Cerebras has rare engineering, major counterparties and enough liquidity to build at scale. The central concern is that valuation treats signed demand, delivered capacity and profitable GAAP revenue as though they were already the same milestone. A lower entry price or clear conversion into diversified statutory revenue would change the conclusion.

Connected-source findings

Alpha Vantage confirmed \$191.34 for the completed 10 September session. Moomoo news, notices and research were retrieved successfully, and the separate digest judged the evidence neutral after balancing positive analyst coverage against clustered insider sales. Twelve Data produced the full available listing history; the incomplete 11 September row was removed before indicator calculation.

Sources and scope

- [SEC Q2 2026 Form 10-Q](#)
- [Cerebras Q2 results](#)
- [Cerebras CS-4 release](#)
- [Cerebras Finland capacity release](#)
- [Cerebras Q2 call transcript](#)
- [Moomoo raw news and insider-sale evidence](#)
- [Moomoo research feed, Mizuho \\$300 target](#)
- [Alpha Vantage GLOBAL_QUOTE](#)
- [Twelve Data time series](#)
- [Analyst consensus](#)

Macro context uses Beating The Bull economic posts dated 26 August through 10 September 2026. The Q2 call transcript was obtained from R40 and checked against the company release. Alpha Vantage, Moomoo and Twelve Data all responded successfully. This note is informational and is not financial advice, an offer, or a recommendation to transact.