

Nebius Group N.V. NASDAQ: NBIS

Equity research update · AI cloud infrastructure · Prepared 5 September 2026

WATCHLIST	62 / 100	\$226.39
RECOMMENDATION	OVERALL SCORE	PRICE (4 SEP CLOSE)

\$5.75bn	\$62.1bn	19.4x	\$266	8.2%
Convertibles raised	Market cap	Mkt cap / 2026E rev	Weighted fair value	14-day ATR

1. What has happened since the August report

The August report rated Nebius a Watchlist on a single argument: the second-quarter results and the accompanying call had materially strengthened the business case, and the 34% share-price reaction had removed the margin of safety in the same week. The probability-weighted fair value of \$261 sat 2.8% above the price, which is not a return. The report set an accumulation zone of \$180 to \$200 and named three conditions that would change the rating.

Since then the largest single risk in that report has been substantially retired, and the price has fallen. Those two facts pull in the same direction and they are the reason this refresh exists.

The funding gap has been closed with paper, not equity. On 19 August Nebius announced a proposed \$4.50 billion convertible note offering; the stock fell 8% on the news. The deal was upsized and priced at \$5.0 billion on 20 August in two tranches, and closed on 24 August at approximately \$5.75 billion gross after the initial purchasers exercised their options in full. The terms matter more than the headline. The \$3.45 billion of 0.50% notes due 2030 convert at approximately \$313.46, a 40% premium to the \$223.90 reference price; the \$2.30 billion of 4.50% notes due 2034 convert at approximately \$324.65, a 45% premium. The blended coupon is roughly 2.1%, and full conversion of both tranches would create about 18.1 million shares, some 6.6% of the current count, and only if the stock exceeds levels 38% to 43% above where it trades today.

The August report identified the risk of capital markets closing before the build was funded as Medium probability and Very High severity, with \$11.9 billion to \$16.9 billion of second-half capital expenditure still to fund against \$9.10 billion of cash. Raising \$5.75 billion at a 2.1% blended cost, on terms that dilute nobody unless the shares rise more than a third, is close to the best available answer to that question. It also removes the specific concern that made the funding risk and the valuation risk the same risk: the company no longer needs to sell equity into whatever price the market offers.

The price fell, and the accumulation zone was reached. Between the announcement and the end of August the shares traded down to \$183.11, inside the \$180 to \$200 zone the August report published, before recovering to \$226.39 on 4 September. The cause of that decline is worth stating precisely rather than treating the level as a mechanical trigger: the stock fell because of the convertible offering and the sector selling that followed, not because anything in the operating thesis deteriorated. On the analysis above, the event that took the stock into the zone was the same event that reduced its largest risk. The zone did its job. What it did not do is stay available.

The sell side moved up while the price moved down. Goldman Sachs raised its target to \$328 from \$286 on 25 August, a street high at the time; Citi went to \$324, Baird to \$340, BofA to \$310 and Northland to \$410, while DA Davidson lifted a Neutral target to \$250 from \$175. The consensus target now stands near \$287 against the \$255 the August report quoted. A price that sat fractionally above consensus in August sits 27% below it today.

Two developments cut the other way. On 28 August the neocloud group fell on reports that Nvidia had put revenue-sharing arrangements on hold, which touches the economics of exactly this business model. And CoreWeave, the closest listed comparator, has fallen further than Nebius over the same period, which widens rather than narrows the relative valuation gap discussed in section 3.

2. Funding position after the raise

Item	Amount	Detail
Cash and equivalents, 30 June	\$9.10bn	Including restricted balances, as reported
Convertible notes raised, 24 Aug	\$5.75bn	\$3.45bn at 0.50% due 2030; \$2.30bn at 4.50% due 2034
Blended coupon	~2.1%	This report's calculation from the two tranche sizes and rates
Conversion prices	\$313.46 / \$324.65	40% and 45% premiums to the \$223.90 reference price
Dilution if fully converted	~18.1m shares	About 6.6% of the 274.1m shares outstanding, and only above those levels
Gross debt, pro forma	~\$14.3bn	\$8.55bn at 30 June plus the new notes
2026 customer prepayments expected	>\$9bn	Roughly \$4.4bn received in the first half
Asset-backed facility signed July	\$775m	SOFR plus 250bp, secured on an investment-grade contract
H2 2026 capital expenditure to fund	\$11.9–16.9bn	Against full-year guidance of \$20–25bn

Balance-sheet figures from the Q2 2026 results (12 August 2026); note terms from the company's pricing and closing announcements of 20 and 24 August 2026. The blended coupon and the conversion dilution are this report's own calculations.

The arithmetic is no longer alarming. Cash of \$9.10 billion plus \$5.75 billion of new notes plus roughly \$4.6 billion of prepayments still expected in the second half covers the lower end of the remaining capital expenditure comfortably and the upper end plausibly, without touching the at-the-market equity authorisation. That is a different position from the one described three weeks ago, and it is the principal reason the Risk and Financial Strength scores move in this report.

The caveat is that a convertible is deferred equity wearing a bond's clothes. If the thesis works, the notes convert and holders are diluted by 6.6% at prices 38% to 43% above today's. If it does not, \$14.3 billion of gross debt sits ahead of the equity in a business that has never reported a GAAP operating profit. The raise improved the near-term picture and lengthened the tail on the bad outcome; it did not eliminate it.

3. Valuation

Nebius still has no earnings, so the defensible measures remain revenue, run-rate and backlog multiples benchmarked against the closest listed peer. Every absolute multiple has compressed since the August report, because the share price is 11% lower against an unchanged set of company disclosures. Every relative multiple has widened, because CoreWeave has fallen further. Both statements are true and the report should not choose between them.

Measure	Nebius	CoreWeave	Read
Market capitalisation	\$62.05bn	\$49.29bn	Nebius still larger on 26% of the revenue
2026 revenue guidance	\$3.0–3.4bn	\$12.4–13.2bn	CoreWeave roughly four times larger
Market cap / 2026E revenue	19.4x	3.85x	Premium 5.0x, against 4.7x in August
Contracted backlog	~\$40bn	~\$104bn	CoreWeave 2.6 times larger
Market cap / backlog	1.55x	0.47x	Premium 3.3x, against 3.0x in August
Trailing revenue growth	+454%	+115%	Nebius growing roughly four times faster
Balance sheet	Roughly net cash	Heavily levered	The durable Nebius advantage
Consensus target vs price	+26.6%	+61.7%	The street sees more upside in the peer

Both companies at their 4 September 2026 closing prices, from S&P Global Market Intelligence via StockAnalysis.com. Backlog figures as most recently disclosed by each company. Multiples and premium ratios are this report's own calculations.

The absolute picture: at \$226.39 the market pays 19.4 times the midpoint of 2026 revenue guidance against 21.4 times in August, 20.7 times current annualised run-rate revenue against 22.9 times, and 7.8 times the midpoint of the \$7 billion to \$9 billion exit run-rate target against 8.6 times. The stock is 11% cheaper on identical disclosures. The relative picture is less flattering. Nebius now trades at five times CoreWeave's revenue multiple and 3.3 times its backlog multiple, both wider than three weeks ago, because CoreWeave has fallen 16% while Nebius has fallen 11%. An investor who believes the two businesses are comparable has been given a better entry into the cheaper one, not this one.

The counterargument, which the August report accepted and this one still accepts, is that the businesses are not closely comparable on the balance sheet. Nebius funds roughly half to sixty per cent of each contract's capital cost with customer cash before spending it, and remains approximately net cash after the convertible raise, where CoreWeave is heavily levered. Growth is roughly four times faster. A premium is warranted. Five times the peer revenue multiple is a large premium to defend on those grounds alone.

Macro conditions that bear on this business. Two variables matter here, and neither is consumer demand. The first is the cost and availability of capital, because this is the most capital-market-dependent business under coverage: it spends roughly seven dollars of capital for every dollar of revenue booked this year, and the equity, convertible and asset-backed markets are what make that possible. The ten-year Treasury yield touched 4.814% on 2 September, its highest since November 2023, and futures now price better-than-even odds of a quarter-point Federal Reserve increase at the 15–16 September meeting after Chair Kevin Warsh argued at Jackson Hole that underlying inflation has not meaningfully improved, with core PCE at 3.3% year-over-year in July. Completing a \$5.75 billion raise in August, before that repricing had run its course, looks better with each passing week. The second is hyperscaler capital expenditure, which sets the demand for third-party compute and is funded from operating cash flow rather than borrowings, and which therefore responds to the AI investment cycle rather than to rates.

4. Risks

Risk	Probability	Severity	Assessment
Compute pricing rolls over as supply lands	Medium	Very High	Now the largest risk in the report, having displaced funding. The industry is adding tens of gigawatts a year and Nebius builds capacity ahead of contracts.
Depreciation overwhelms adjusted EBITDA	High	High	Unchanged. Depreciation was already 45% of revenue in the second quarter, calculated on an asset base guided to roughly double.
Valuation de-rating	Medium	Very High	Absolute multiples have compressed but the premium to the nearest peer has widened to five times on revenue and 3.3 times on backlog.
Capital markets close before the build is funded	Lower now	Very High	Downgraded. The \$5.75bn convertible raise, plus prepayments and the asset-backed facility, covers the remaining 2026 programme without further equity.
Neocloud economics reset	Medium	High	New. Reports on 28 August that Nvidia has shelved revenue-sharing arrangements go to the unit economics of third-party AI cloud provision.
Customer concentration	Medium	High	Unchanged. Four contracts above \$1bn each, with counterparties that are not investment grade.
Conversion and refinancing overhang	Medium	Medium	New shape. Gross debt of roughly \$14.3bn pro forma; 6.6% dilution above \$313, or repayment obligations below it.
Extreme share price volatility	High	Medium	14-day ATR of 8.2% of price. Lower than the 10.2% of the August report but still exceptional.

This remains a high-risk profile: pre-profit on a GAAP basis, exposed to a compute price it does not control, and priced well above its nearest peer. What has changed is that the risk most capable of destroying the equity outright, an inability to fund the build, has been pushed out by at least several quarters.

5. Technical position

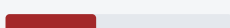
The setup is more constructive than the momentum indicators suggest, and the reason is the same convertible offering. The shares fell for six consecutive sessions from 19 August, dropping more than 20%, reached \$183.11, and have since recovered 24% to close at \$226.39 on 4 September after a 7.5% session in which the whole neocloud group rallied on improved sentiment toward the AI trade. No company-specific disclosure accompanied that move.

One item is new in this report. A two-hundred-session price history is now available, so the 200-day average can be computed for the first time in this coverage. At \$154.79 it sits 32% below the current price, which is what a stock up from \$63.26 over twelve months produces, and it is not a support level in any practical sense. The levels that matter are the recent base at \$183.11 and the 100-day average, which has risen from \$191.84 in the August report to \$209.91.

Indicator	Value	Read
Close (4 Sep 2026)	\$226.39	Alpha Vantage; the price of record throughout this report
SMA 20 / 50 / 100	\$223.56 / \$213.08 / \$209.91	Price above all three; the 100-day has risen 9% since August
SMA 200	\$154.79	Computable for the first time; 32% below price
EMA 20 / 50	\$216.03 / \$214.08	Both below price
RSI (14)	53.5	Neutral. Was 62.0 in the August report
MACD (12,26,9)	−0.85, signal 0.51, hist −1.36	Turned negative; was +5.28 on 12 August
ATR (14)	\$18.48 (8.2% of price)	Down from 10.2%, still roughly three times a typical large cap
Volume, 20d vs 50d average	21.9m vs 21.6m	Normalised after the 63.5m spike on 12 August
20-session range	\$183.11 – \$280.83	The August base and the post-results high
60-session range	\$145.80 – \$299.86	The July low and the June peak, both still structural
52-week range	\$63.26 – \$299.86	The June high remains unbroken resistance

Computed by this report from a 300-session Twelve Data daily series of unadjusted closes through 4 September 2026. Percentage distances are measured against the \$226.39 price of record. Technicals inform timing only.

6. Scorecard

Dimension	Score	Comment and change since 13 August
Business Quality	 7/10	Unchanged. Real full-stack platform, 98% of revenue from one segment.
Financial Strength	 7/10	Raised from 6. \$5.75bn convertible raise at a ~2.1% blended coupon closes the 2026 funding gap.
Competitive Advantage	 6/10	Unchanged. Software layer and auction mechanism are real; the hardware is not proprietary.
Management	 8/10	Unchanged. The convertible was upsized twice and cleared at 40–45% premiums; the CEO continues to sell stock.
Growth Potential	 9/10	Unchanged. No new guidance; the formal 2027 outlook is still pending.
Valuation	 4/10	Raised from 3. Price down 11% and 27% below consensus, though the premium to CoreWeave has widened.
Risk (10 = lowest risk)	 4/10	Raised from 3. The funding risk that dominated the August report has been materially reduced.
Technical Setup	 5/10	Reduced from 6. Price above every average, but the MACD has turned negative and RSI has cooled.

Scored 1–10, where 10 is always best, including Risk. A long bar is always the favourable outcome, so a longer Risk bar denotes a safer business. Weighting: Business Quality 12%, Financial Strength 13%, Competitive Advantage 12%, Management 10%, Growth Potential 15%, Valuation 18%, Risk 15%, Technical Setup 5%. Weighted result 61.9, reported as 62 / 100 against 58 / 100 in the August report. The previous scorecard already used this direction convention, so no restatement was required before comparing.

7. Recommendation

Verdict: Watchlist. Unchanged, and closer to an upgrade than at any point in this coverage.

The August report set three conditions for a Buy. Two remain unmet: formal 2027 revenue guidance above \$12 billion has not arrived, and there has been no fresh disclosure on prepayment coverage of capital expenditure. The third, a return to the \$180 to \$200 zone, was met at \$183.11 in late August and is no longer available at \$226.39. Buying now on the strength of a level the stock traded through two weeks ago, 24% lower, would be backfilling a decision rather than making one.

What has genuinely improved is the shape of the distribution rather than its centre. The probability-weighted fair value has risen from \$261 to \$266 and the price has fallen, so the gap has gone from 2.8% to 17.5%. More importantly, the weight of the bear case has been reduced from 25% to 22% for a specific and checkable reason: the \$5.75 billion raise removes the funding-stress leg of that scenario for the next several quarters. A 17.5% expected return is still only about two average daily ranges on a stock with an 8.2% ATR and a bear case 61% below the current price, which is why the rating does not yet move.

The published accumulation zone is unchanged at \$180 to \$200, and that is a deliberate decision rather than an omission. Both anchors behind it were recomputed. The 100-day average it was set against has risen from \$191.84 to \$209.91, which would argue for a higher zone; the base-case fair value of \$242, unchanged because no new guidance has been issued, argues for the same \$180 to \$200 at a 17% to 26% discount. The valuation anchor governs, so the zone stays where it was. Raising it to follow a moving average that rose because the price rose is how a discipline stops being one.

Parameter	Level or condition	Rationale
Current rating	Watchlist	Business improved; the price has improved less than the business

Parameter	Level or condition	Rationale
Accumulation zone	\$180 – \$200	A 17–26% discount to base-case fair value of \$242. Unchanged from August; the underlying 100-day average has risen to \$209.91 but the valuation anchor governs.
Upgrade to Buy if	2027 revenue guided above \$12bn	Formal guidance is expected later this year and remains the single largest scheduled catalyst.
Upgrade to Buy if	Price returns to \$180–200	Reached at \$183.11 in late August on the convertible offering rather than on any operating deterioration.
Upgrade to Buy if	Prepayment coverage above 60% of capex	Would reduce the residual dependence on external funding to a level the equity can carry.
Move to Avoid if	2027 revenue guided below \$9bn	Breaks the pricing and capacity-conversion thesis
Move to Avoid if	Realised price per MW falls below \$20m	The core unit economic; erosion invalidates the case
Move to Avoid if	Weekly close below \$148	Breaks the July low and the structure built since March
Position size if entered	Small, 1–2% of portfolio	An 8.2% ATR and a bear case 61% below price demand restraint

No entry, cut-loss or take-profit levels are published because the rating is not a Buy. A macro condition worth watching alongside the company-specific rows above: a sustained further tightening in credit conditions alongside firm inflation would raise the cost of the next financing round, which for this business is a first-order rather than a second-order effect.

8. Scenario analysis

Case	Prob.	2027E rev.	Fair value	vs \$226.39	Narrative
Bull	30% (=)	~\$16bn	\$434	+92%	1GW active, short-duration pricing at \$40–50m per MW holds, adjusted EBITDA margin ~45%, market pays 8x revenue.
Base	48% (+3)	~\$11bn	\$242	+7%	Capacity converts on schedule at \$20–25m per MW, margin ~40%, multiple settles at 6.5x.
Bear	22% (–3)	~\$8bn	\$89	–61%	AI capex digestion, pricing rolls over as supply lands, margin compresses and the multiple de-rates to 3.5x.

Probabilities sum to 100%. The probability-weighted fair value is \$265.94, computed as $0.30 \times \$434$ plus $0.48 \times \$242$ plus $0.22 \times \$89$, and checked in code against its own inputs. That is 17.5% above the 4 September close, against 2.8% in the August report. The bull and base fair values are carried forward unchanged because no new guidance has been issued; the only change is the three points of probability moved from the bear case to the base case, on the strength of the completed convertible raise. Share counts assume 295 million in the bull and base cases and 315 million in the bear case.

9. Investment memo

Would an investor commit their own capital to Nebius at \$226? Not quite, and the reason has narrowed to a single number rather than a general unease.

Three weeks ago this report argued that the quarter had strengthened the business and the 34% share-price reaction had taken the reward away. The market has since handed part of that reward back, and it did so for a reason that improves the company rather than damaging it. Nebius raised \$5.75 billion at a blended 2.1% coupon and conversion prices 40% to 45% above the market, which is what a business with genuine demand and a credible backlog can do and a weaker one cannot. The stock fell 8% on the announcement and 20% over the following six sessions. Selling a company because it has just solved its largest problem on excellent terms is the kind of reaction that creates entry points, and it created one at \$183.

The reason for still not acting is that the entry point closed. At \$226 the shares are 24% above that base and 17.5% below a weighted fair value whose base case still assumes a 6.5 times revenue multiple that nobody is obliged to pay. The bear case remains 61% below the current price. And the relative argument has worsened rather than improved: Nebius trades at five times CoreWeave's 2026 revenue multiple and 3.3 times its backlog multiple, both wider than in August, while the street sees 62% upside in CoreWeave against 27% here. An investor who wants exposure to this theme has been given a better price in the peer.

The single biggest concern is unchanged and sits inside the most celebrated number. Adjusted EBITDA of \$236 million and a 41% margin describe a business that recorded a \$175.9 million operating loss once depreciation and share-based compensation are charged, and depreciation runs on an asset base guided to roughly double. The \$5.75 billion raise funds the capital expenditure that creates that depreciation. Both statements have to be held together: the funding risk is lower and the profitability question is exactly as open as it was.

What would change the view is specific and dated. Formal 2027 guidance is expected later this year. Revenue above \$12 billion with mid-term pricing intact would justify buying even at this price. Failing that, a return toward \$200 without deterioration in backlog or realised price per megawatt restores the margin of safety, and on the evidence of the last three weeks this stock produces such opportunities roughly monthly. Position size, not direction, remains the variable that matters most here.

Sources and scope. Nebius Group Q2 2026 results release and earnings call (12 August 2026), which remains the company's most recent reported quarter; company announcements of the proposed, priced and closed convertible senior note offerings (19, 20 and 24 August 2026) and of the Annual General Meeting results (26 August 2026); the Vantage Data Centers UK deployment announcement (13 August 2026); SEC Forms 4 and Rule 144 notices filed through 4 September 2026; published analyst actions from Goldman Sachs (25 August), Citi, Baird, BofA Securities, Northland Securities and DA Davidson (13–18 August); market capitalisation, share count, consensus targets and peer statistics for CoreWeave from S&P Global Market Intelligence via StockAnalysis.com, retrieved 5 September 2026; moomoo news, notice and research feeds and the moomoo stock digest, both retrieved successfully on 5 September 2026; a 300-session Twelve Data daily price series through 4 September 2026, from which every technical indicator was computed directly; Alpha Vantage for the 4 September closing price of record; and United States macroeconomic releases through 4 September 2026. No earnings call has taken place since the Q2 2026 call covered in the August report, so no new transcript was applicable. The blended coupon, conversion dilution, all valuation multiples, the scenario fair values and the probability-weighted fair value are this report's own calculations and are labelled as such rather than presented as company figures.

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