

Nebius Group (NBIS): the stock is a bet on how fast MW turn into billing

Inha Seo · October 14, 2026 · Practice analysis using public information; not investment advice. · Model: nebius-3statement-model.xlsx · Data: Q2-26 6-K (Aug 12, 2026), Aug-26 convert filings, close Oct 14, 2026 (\$186.01)

THESIS

Nebius has stopped being a capacity story and become an execution story. It has 5 GW of contracted power targeted for year-end 2026, more than \$40B of customer commitments, and FY26 guidance of \$3.0–3.4B revenue and \$7–9B exit ARR. What it does not have yet is enough revenue-generating capacity. I estimate about 180 MW was billing at June 30 (backed out of the \$3.0B ARR). In my base case that reaches about 2.9 GW by end-2029, giving \$38.7B of revenue and a 61% adjusted EBITDA margin. That supports **\$233/share (+25%)**. At \$186, the market is paying for base-case operations at roughly a **6x exit EBITDA multiple**, or for a slower build. Pro forma EV is \$57B, which is 7.2x YE26 ARR versus 3.5x for CoreWeave. The premium buys a cleaner balance sheet, not cheaper growth.

THE THREE DRIVERS THAT MATTER

- MW to billing conversion (build pace).** Moving revenue-generating MW $\pm 20\%$ moves value by about $\pm \$36/\text{share}$. Connected power (800 MW–1 GW at YE26) leads billing by 1–2 quarters. Q2 capex was \$5.7B against roughly 67 MW of new billing capacity (my estimate, implied from ARR).
- Realized price per GPU-hour, i.e. yield per MW.** A $\pm 10\%$ change moves value by about $\pm \$39/\text{share}$. New Q2 deals were priced at \$20–25M ACV per MW. The blended fleet runs about \$17M/MW in my model. The question is how fast older GPUs reprice at renewal.
- Prepayment coverage of capex.** Moving it between 30% and 50% changes value by about \$40/share and swings dilution. Prepayments fund 40% of the base case's \$117B capex (Q3-26 to FY29). Base still needs about \$34B of new external capital: ~\$20B debt and ~\$14B equity, about 24% ATM dilution at today's price.

SCENARIO OUTPUTS (live in model; Scenarios!C4 switches all three statements)

	Bear	Base	Bull
FY26E revenue / exit ARR (\$B)	2.8 / 5.4	3.3 / 7.5	3.7 / 9.1
FY27E / FY29E revenue (\$B)	8.7 / 25.0	12.8 / 38.7	15.9 / 49.8
FY29E adj. EBITDA (\$B, margin)	14.5 (58%)	23.6 (61%)	31.4 (63%)
Capex Q3-26 to FY29 (\$B)	92	117	134
New external funding / ATM dilution	\$39B / 37%	\$34B / 24%	\$23B / 12%
WACC / exit EV/EBITDA	12.3% / 6.0x	11.3% / 7.0x	10.8% / 8.5x
DCF value per share (vs \$186.01)	\$72 (–61%)	\$233 (+25%)	\$457 (+145%)

Bear: 25% slower build, –10% pricing, –6 pts utilization, 30% prepayment coverage. Terminal value is more than 100% of EV in every case because FCF stays negative through FY29. That is why the exit multiple is the largest single sensitivity (6x–8x gives \$188–278).

KEY RISKS

- Customer concentration.** Microsoft (all tranches delivered), Meta (second contract live early 2027) and four landmark Q2 deals averaging over \$1B TCW each make up much of the backlog. One renegotiation or delay moves a whole year of MW.
- Financing.** About \$13.5B of convertibles are outstanding. The Aug-26 notes accrete to 110–125%, and the pro forma \$14.3B of debt principal grows to roughly \$36B carrying by FY29 in base. In the bear case, equity funds 55% of a \$39B gap.
- Power and delivery.** 5 GW contracted against under 1 GW connected. Grid interconnects, transformers and GPU allocation set the pace, not demand.
- Hidden liability.** By FY29, base deferred revenue reaches \$36B. That is service owed with the cash already spent. Treating it as debt-like is worth about –\$69/share.

WHAT I'D ASK MANAGEMENT (IR LENS)

- How much connected MW is revenue-generating today, and what is the typical lag from energization to billing?
- What do renewals of 2024–25 Hopper contracts look like (price per GPU-hour versus original)? How much of the \$40B+ commitments resets before 2029?
- What are the prepayment terms: how much is applied against invoices, over what period, and are there refund or termination provisions?
- Is the asset-light partner model a capex lever or a margin trade-off? What share of 2027 MW will sit in partner sites?
- What is the funding stack for 2027: more GPU-backed secured debt like the July \$775M facility, or more converts and ATM?

Sources: Nebius 6-K exhibits (Feb 12, May 13, Aug 12, Aug 20, Aug 24, Aug 26, 2026), CoreWeave Q2-26 release, Oracle Q1 FY27, FRED (Oct 13, 2026), Damodaran ERP (Oct 1, 2026), stockanalysis.com (Oct 14, 2026). The full register with URLs and every assumption is in the model's Inputs & Sources and Drivers sheets.