BERNSTEIN
SOCIETE GENERALE GROUP

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US Communications Infrastructure

CoreWeave, Inc.

Rating

Underperform

Price Target

CRWV **67.00 USD**

CoreWeave (CRWV): What it would take to hit the '26 AOI guide

One of the biggest head-scratchers for us coming out of 1Q earnings was how CRWV plans to hit their AOI guidance of $900M-$1.1B for 2026. Q1 was $21M, Q2 guide is $30-90M, and margins are in the low single digits: it's a lot of ground to cover. We spoke with the company for clarification and did some back-of-the-envelope math to see what it would take.

CRWV suggests their low adj. operating margin is the result of a scaling problem - they take ownership of a powered shell and then have OpEx and depreciation for 1-2 months of the outfitting process before they are collecting revenue on that capacity. Because the base is so small relative to the growth, the disconnect is especially painful. We mostly buy this...except they (and consensus) don't see their growth meaningfully slowing, making this an ongoing problem. The company has mentioned a stabilized margin of 25-30% per 4Q25 earnings, but given the growth trajectory, that target is likely at least a couple of years away.

As we pointed out in our 1Q recap, we are skeptical of the margin ramp and think there's meaningful execution risk to this guide. The company is guiding to $7.3-$8.5B of revenue in 2H (relative to ~$4.6B in 1H). That means in the second half of the year, they are bringing on an effective $5.6B of ARR, with its accompanying facility buildouts.

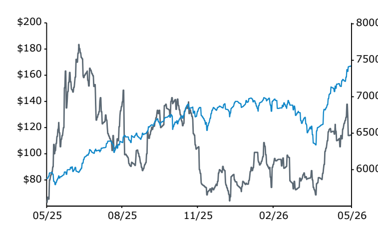
By our math, if CRWV's outfitting process exceeds an average of 8 weeks *or* their steady-state margin is lower than 21%—both outcomes that we think are easily feasible—the company is at risk of missing their 2026 guide. We took CRWV at their word and painted a blue-sky scenario with consensus numbers, assumed fit-out starts at the very beginning of each quarter, and that the base is scaling with consensus estimates. If CRWV does hit their upside scenario—an average of 6 weeks for buildout at 25% stabilized margins—they'll be at the top AOI guidance… but again, for a young company trying to scale very fast, this seems ambitious.

Close Date	11 May 2026
CRWV Close Price (USD)	114.70
Price Target (USD)	67.00
Upside/(Downside)	(42)%
52-Week Range	187.00/52.90
SPX	7,412.84
FYE	Dec
Div Yield	NA
Market Cap (USD) (M)	62,806
EV (USD) (M)	95,687

Performance	YTD	1M	6M	12M
Absolute (%)	60.2	12.5	29.8	123.3
SPX (%)	8.3	8.7	8.3	31.0
Relative (%)	51.9	3.7	21.5	92.3

Source: Bloomberg, Bernstein estimates and analysis.

Price Performance, 1YR



Investment Implications

We are Underperform on CRWV with a price target of $67. We continue to believe that CRWV will sign more deals. The stock may perform well in the near-term on the momentum of those signings; however, on a long-term, fundamental basis, we have concerns about the business model and CRWV's role in the infrastructure ecosystem.

Adjusted EPS	F25A	F26E	F27E
CRWV (USD)	(1.20)	(4.20)	(2.41)

Financials	F25A	F26E	F27E	CAGR
Revenues (M)	5,131	12,371	19,731	96.1%
EBITDA (M)	2,442	6,232	11,736	119.2%

Valuation Metrics	F25A	F26E	F27E
EV/EBITDA (x)	39.2	15.4	8.2
EV/EBIT (x)	N/M	503	40.3
Adjusted P/E (x)	(95.8)	(27.3)	(47.6)

Source: Bloomberg, Bernstein estimates and analysis.

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DETAILS

One of the major questions we have gotten following CoreWeave's 1Q earnings call is the margin dynamic between the fit-out process and revenue recognition, and whether CoreWeave can reach its full-year guidance given the rapid ramp that company guidance lays out. This timing mismatch creates a period where CoreWeave incurs substantial operating costs and capital depreciation before generating revenue, compressing near-term margins even as capacity scales. With multiple facilities coming online throughout the year, the phasing and duration of this pre-revenue expense period will largely determine whether CoreWeave can achieve its profitability targets. In this note, we detail the mechanics of the OpEx-revenue lag and run the math on how it could shape the feasibility of Coreweave's full-year guidance.

To our understanding, the contracting and revenue timeline is anchored to a forward delivery model where customer agreements and equipment procurement are locked in well ahead of site readiness. Upon signing a customer contract—often ~9-12 months prior to go-live—the company concurrently places purchase orders with OEMs (e.g., Dell, Quanta) to secure server supply, mitigating component price volatility, while customers typically procure GPUs directly. Payment terms on servers are generally net 30-90, meaning cash outflow aligns with physical delivery, which typically occurs several weeks before the data center shell is ready. In parallel, the powered shell is constructed and delivered shortly before installation, at which point lease expense, power costs, site OpEx, and depreciation on non-server infrastructure all begin immediately.

Once the powered shell is handed over, there is a total of 6–8 weeks before revenue recognition, including an initial ~3-week fit-out period to install networking and prepare the facility, followed by server deployment and testing. Server-related depreciation begins after installation, while an additional ~3 weeks is spent troubleshooting and optimizing performance, with on-site procurement teams enabling rapid replacement of faulty units. Revenue recognition begins roughly 6 weeks after site delivery, initially at ~80-90% of run-rate capacity in the first 1–2 weeks, ramping to ~99-100% utilization within the first month.

By our math, if CRWV's outfitting process exceeds an average of 8 weeks *or* their steady-state margin is lower than 21%—both outcomes that we think are easily feasible—the company is at risk of missing their 2026 guide. We took CRWV at their word and painted a blue-sky scenario with 2Q 2026 guidance, consensus revenue numbers for the back half of the year, assumed fit-out starts at the very beginning of each quarter, and that the base is scaling with consensus estimates. We took CRWV's base case of 6 weeks for fit-out (1-2 months) and 25% adj. operating margin (25-30% at eventual steady state). Given the lagged revenue dynamic, we sensitize those two factors to see what it would take for Coreweave to meet its full-year FY26 AOI guidance of $900-$1.1B.

We find a steady-state AOI margin below ~21% at a 6-week fit-out period drops the AOI below the guidance range and implies an adj. operating margin of 7-8% for full-year 2026. Alternatively, maintaining the 25% steady-state margin but extending the fit-out period beyond ~8 weeks pulls AOI out of guidance range, implying an operating margin of ~8%. We believe either of these scenarios is relatively likely given the high execution hurdles and sheer volume of builds.

EXHIBIT 1: **AOI Sensitivity to Fit-Out Length (Weeks) and Steady-State Margin (%)**

AOI Margin Sensitivity					
	Fit-Out Length (Weeks)				
SS Margin (%)	4	6	8	10	12
20.0%	9.3%	7.0%	4.6%	2.1%	-0.6%
22.5%	10.9%	8.7%	6.3%	3.9%	1.3%
25.0%	12.6%	10.4%	8.1%	5.7%	3.1%
27.5%	14.3%	12.1%	9.8%	7.4%	4.9%
30.0%	15.9%	13.8%	11.6%	9.2%	6.8%

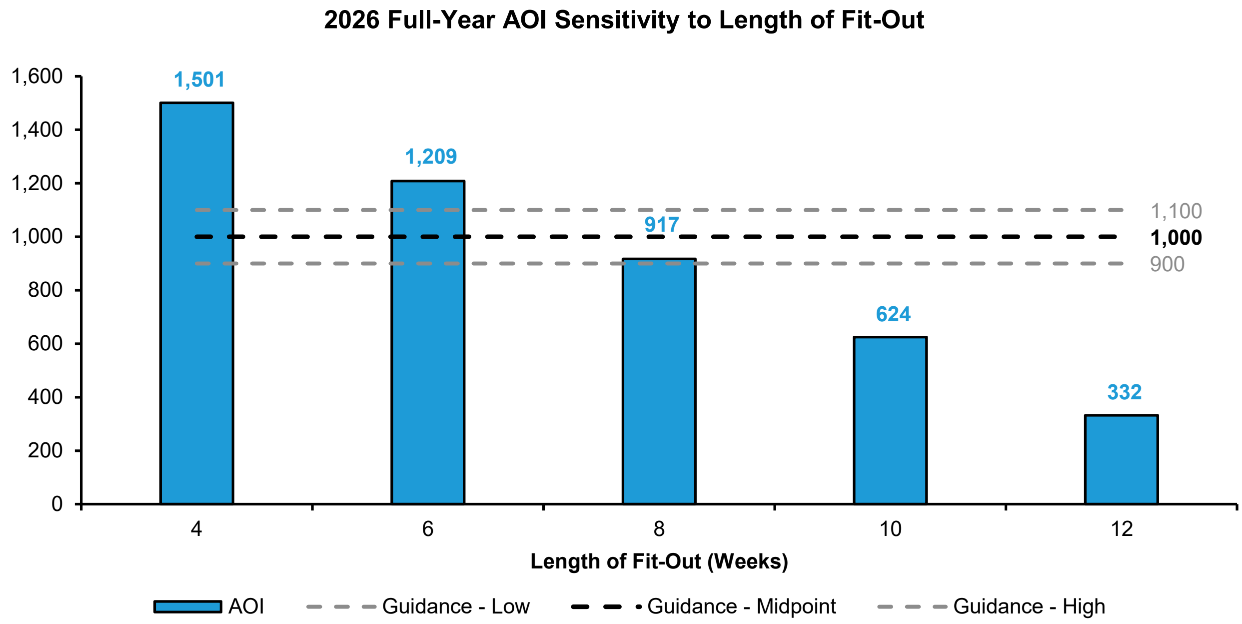
Source: Bloomberg, Company disclosures, Bernstein estimates and analysis

EXHIBIT 2: **AOI Sensitivity to Fit-Out Length (Weeks) and Steady-State Margin (%)**

AOI Sensitivity					
	Fit-Out Length (Weeks)				
SS Margin (%)	4	6	8	10	12
20.0%	1,106	814	522	229	(63)
22.5%	1,304	1,012	719	427	135
25.0%	1,501	1,209	917	624	332
27.5%	1,699	1,407	1,114	822	530
30.0%	1,896	1,604	1,312	1,019	727

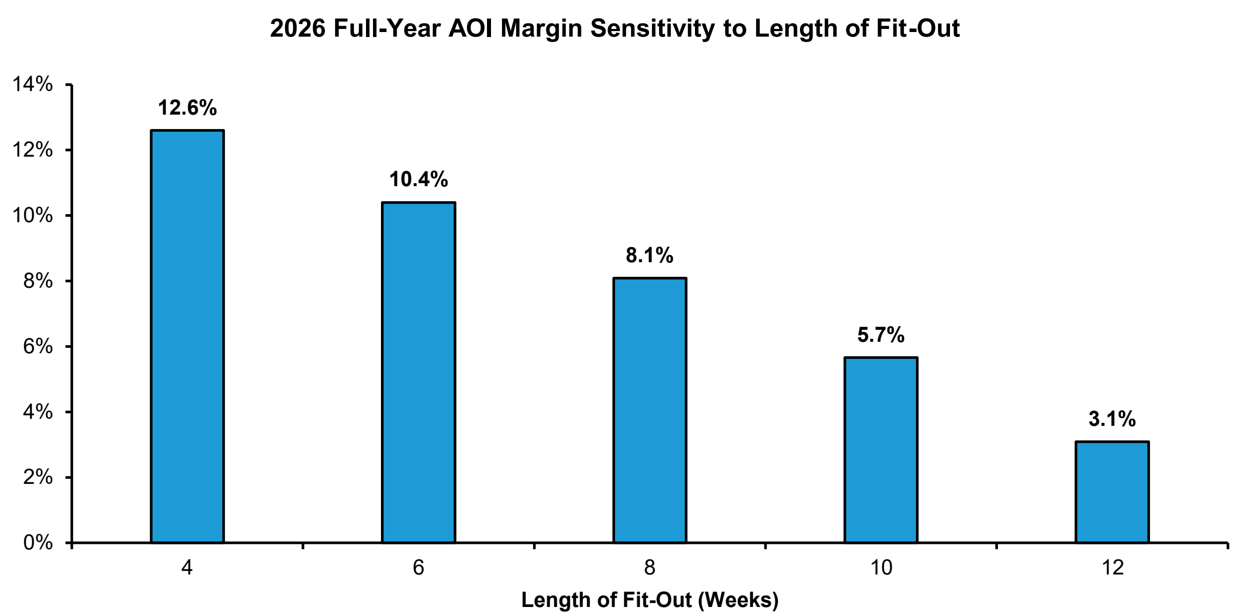
Source: Bloomberg, Company disclosures, Bernstein estimates and analysis

EXHIBIT 3: **2026 full-year AOI sensitivity to length of fit-out, assuming steady-state AOI margin of 20%**



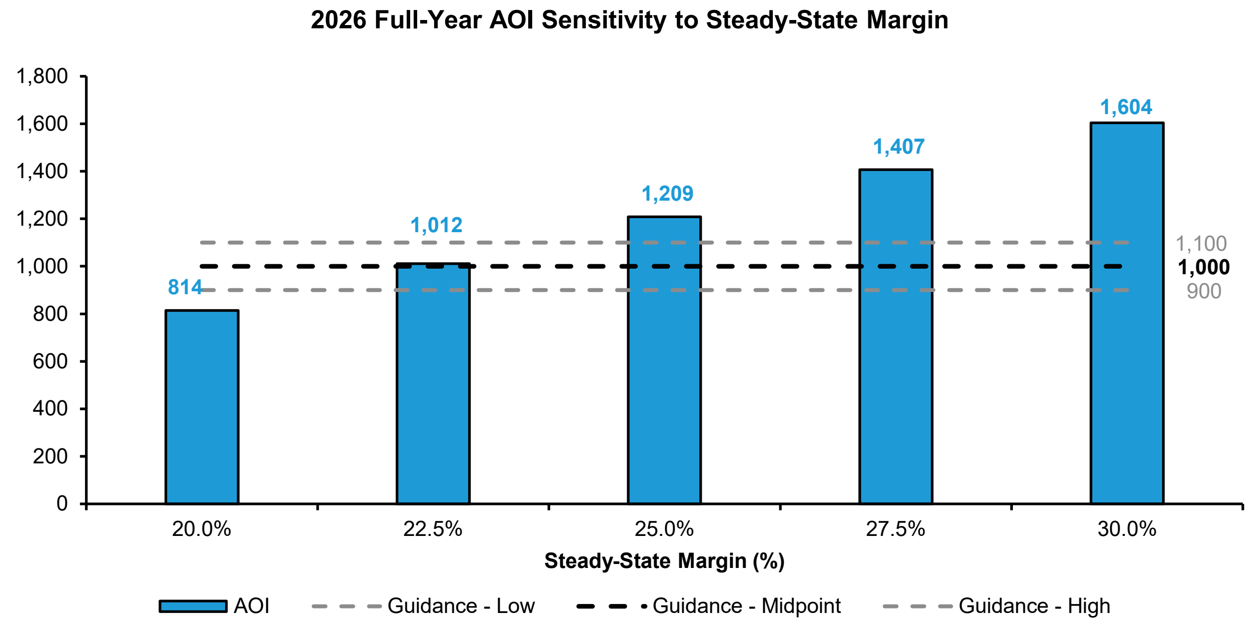
Source: Bloomberg, Company disclosures, Bernstein estimates and analysis

EXHIBIT 4: **2026 full-year AOI margin sensitivity to length of fit-out, assuming steady-state AOI margin of 20%**



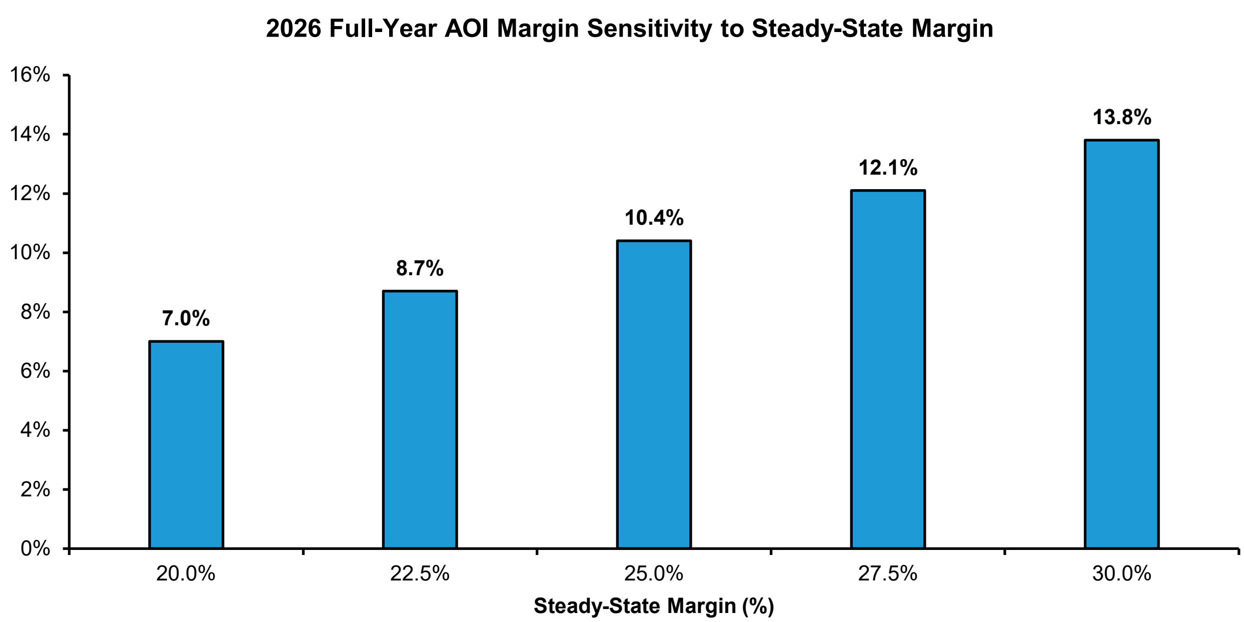
Source: Bloomberg, Company disclosures, Bernstein estimates and analysis

EXHIBIT 5: **2026 full-year AOI sensitivity to steady-state margin, assuming 8-week fit-out period**



Assuming 8-week fit-out period
Source: Bloomberg, Company disclosures, Bernstein estimates and analysis

EXHIBIT 6: **2026 full-year AOI margin sensitivity to steady-state margin, assuming 8-week fit-out period**



Assuming 8-week fit-out period
Source: Bloomberg, Company disclosures, Bernstein estimates and analysis

BERNSTEIN LONG VIEW

Our case hinges on our longer-term revenue expectations for CRWV, which are significantly lower than street expectations. In general, we question CRWV's ability to continue to sign large-scale hyperscale deals as data center supply becomes more readily available (2028+) and are concerned that hyperscalers are likely to attempt head-on competition with neoclouds for enterprise business.

We disagree with CRWV's premise that its existing software moat will hold up to hyperscaler attacks, especially given hyperscalers' scale and ability to spend. We do not believe the structural concerns abate with increased AI demand, though the timing for our call may be pushed further out.

Importantly, we do not believe the tide will shift for CRWV in the very near term and anticipate them signing an incremental $45B of deals between now and the end of 2027. We are roughly in line with consensus for 2026 expectations. By 2027, we begin to diverge, and by 2028, we are ~15% below consensus revenue estimates, accelerating through the forecast window.

EXHIBIT 7: **CRWV FY26 Guidance**

FY26 Guidance				
	Midpoint	**Midpoint**	**Consensus**	**Estimate**
	Given 1Q26	*Given 4Q25*	*FY 2026*	*FY 2026*
Revenue	12,500	12,500	12,543	12,371
Adj. Operating Income	**$1,000**	**$1,000**	**$992**	**$835**
Adj. EBIT Margin	*8.0%*	*8.0%*	*7.9%*	*6.7%*
CapEx	$33,000	$32,500	$32,519	$33,468

Source: Bloomberg, Company disclosures, Bernstein analysis and estimates

EXHIBIT 8: **CRWV 2Q26 Guidance**

2Q26 Guidance			
	Midpoint	**Consensus**	**Estimate**
	Given 1Q26	*2Q26E*	*2Q26E*
Revenue	$2,525	$2,707	$2,518
Adj. Operating Income	**$60**	**$154**	**$78**
Adj. EBIT Margin	*2.4%*	*5.7%*	*3.1%*
Int. Expense	$690	$561	$659
CapEx	$8,000	$7,566	$8,459

Source: Bloomberg, Company disclosures, Bernstein analysis and estimates

APPENDIX - FINANCIAL FORECASTS

EXHIBIT 9: **CRWV Income Statement Overview**

All values in millions, except per share data

	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	1Q27E	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Total operating revenues	1,213	1,365	1,572	2,078	2,518	3,863	3,913	4,523	5,131	12,371	19,731	28,004	32,006
Cost of revenue	313	369	509	716	841	1,233	1,171	1,308	1,453	3,961	5,515	7,251	7,857
Technology & Infrastructure	670	747	950	1,273	1,508	2,256	2,207	2,505	2,929	7,243	10,740	14,667	16,333
Sales & Marketing	37	45	52	69	43	66	67	77	144	244	335	476	544
General & Administrative	174	152	150	164	174	228	191	176	651	757	768	1,090	1,246
Total operating expenses	1,194	1,313	1,661	2,222	2,566	3,782	3,635	4,066	5,177	12,204	17,358	23,484	25,979
Operating income	19	52	(89)	(144)	(48)	81	277	456	(45)	166	2,373	4,521	6,027
Total other (expense) income	(262)	(289)	(378)	(512)	(659)	(858)	(954)	(1,097)	(1,170)	(2,984)	(4,668)	(5,429)	(6,218)
Income (loss) from continuing operations before taxes	(243)	(237)	(467)	(656)	(707)	(778)	(677)	(640)	(1,215)	(2,818)	(2,295)	(909)	(190)
Income tax expense (benefit)	48	(127)	(15)	84	-	-	-	-	(48)	84	-	-	-
Net income (loss)	(291)	(110)	(452)	(740)	(707)	(778)	(677)	(640)	(1,167)	(2,902)	(2,295)	(909)	(190)
Dividends and accretions on Series C redeemable prefs	-	-	-	-	-	-	-	-	(29)	-	-	-	-
Net income (loss) attributable to common stockholders, basic	(291)	(110)	(452)	(740)	(707)	(778)	(677)	(640)	(1,196)	(2,902)	(2,295)	(909)	(190)
Change in fair value of common stock warrants	-	-	-	-	-	-	-	-	(27)	-	-	-	-
Net income available to common stockholders	(291)	(110)	(452)	(740)	(707)	(778)	(677)	(640)	(1,223)	(2,902)	(2,295)	(909)	(190)
(+) Adjustments	160	69	168	151	126	193	196	226	562	666	987	1,120	1,280
Adjusted Net Income	(131)	(41)	(284)	(589)	(581)	(584)	(481)	(414)	(606)	(2,236)	(1,308)	212	1,090
Earnings per share (EPS)													
EPS (basic)	(0.60)	(0.22)	(0.89)	(1.40)	(1.34)	(1.48)	(1.28)	(1.21)	(2.42)	(5.51)	(4.35)	(1.72)	(0.36)
EPS (diluted)	(0.60)	(0.22)	(0.89)	(1.40)	(1.34)	(1.47)	(1.27)	(1.20)	(2.42)	(5.45)	(4.23)	(1.64)	(0.34)
Adjusted EPS (diluted)	(0.27)	(0.08)	(0.56)	(1.12)	(1.10)	(1.10)	(0.90)	(0.77)	(1.20)	(4.20)	(2.41)	0.38	1.93

Source: Company filings, Bernstein Analysis and Estimates

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BERNSTEIN TICKER TABLE

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VALUATION METHODOLOGY

CoreWeave, Inc.

We value CRWV on an EV/Adjusted EBIT multiple. Our $67 price target is based on an Enterprise Value calculated as 28.4x our 2027E Adj. EBIT per share of $5.81.

RISKS

CoreWeave, Inc.

The main upside risks to our price target/Underperform rating on CRWV are 1) Delays in hyperscaler built capacity coming online may maintain CRWV value proposition, 2) Development of CRWV’s specialized software platform which maintains demand for CRWV operated data centers, and 3) Continued shortage in power supply to power data centers may sustain CRWV’s pricing power

RATINGS DEFINITIONS, BENCHMARKS AND DISTRIBUTION

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The Bernstein brand rates stocks based on forecasts of relative performance for the next 12 months versus the S&P 500 for stocks listed on the U.S. and Canadian exchanges, versus the Bloomberg Europe Developed Markets Large and Mid Cap Price Return Index EUR (EDME) for stocks listed on the European exchanges and emerging markets exchanges outside of the Asia Pacific region, versus the Bloomberg Japan Large and Mid Cap Price Return Index USD (JPL) for stocks listed on the Japanese exchanges, and versus the Bloomberg Asia ex-Japan Large and Mid Cap Price Return Index (ASIAX) for stocks listed on the Asian (ex-Japan) exchanges -unless otherwise specified.

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The Autonomous brand rates common stocks as indicated below. As our benchmarks we use the Bloomberg Europe 500 Banks And Financial Services Index (BEBANKS) and Bloomberg Europe Dev Mkt Financials Large and Mid Cap Price Ret Index EUR (EDMFI) index for developed European banks and Payments, the Bloomberg Europe 500 Insurance Index (BEINSUR) for European insurers, the S&P 500 and S&P Financials for US banks and Payments coverage, S5LIFE for US Insurance, the S&P Insurance Select Industry (SPSIINS) for US Non-Life Insurers coverage, and the Bloomberg Emerging Markets Financials Large, Mid and Small Cap Price Return Index (EMLSF) for emerging market banks and insurers and Payments. Ratings are stated relative to the sector (not the market).

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- Neutral (N): Stock will perform in line with the market index to within +/-10 pp
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Equity Rating	Market Abuse Regulation (MAR) and FINRA Rating Category	Global Rating Distribution	Investment Banking Relationships*
Outperform	BUY	51.1%	16.5%
Market-Perform (Bernstein Brand) Neutral (Autonomous Brand)	HOLD	36.3%	17.8%
Underperform	SELL	12.6%	14.9%

* These figures represent the percentage of companies within each equity rating category for which affiliates of Bernstein have provided investment banking services within the previous 12 months.
As of March 31, 2026. All figures are updated quarterly.

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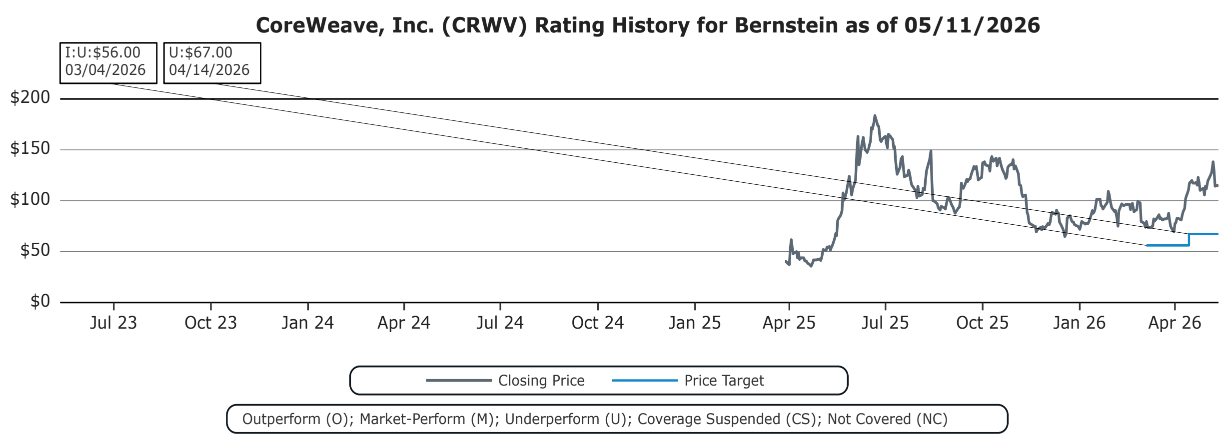

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