NEBIUS ↗ **OUTPERFORM** FROM NEUTRAL
NBIS US ▪ PRICE USD226.6* ▪ TARGET PRICE **USD399** (UPSIDE 76%)

TARGET PRICE	EPS 26e	EPS 27e
↗ 53%	↗ 17%	↗ 37%

The Price of Scarcity; Upgrading to Outperform

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Nebius is now covered by Daniel Wang

Upgrading Nebius to O/P on an improved fundamental outlook and pullback in shares
While we initiated Nebius at Neutral in June given its premium valuation relative to CoreWeave, we have been constructive on the story given its strong engineering heritage and hyperscaler-like approach to operating an AI cloud business. Following Q2'26 earnings, we believe the near-term fundamental outlook for Nebius has meaningfully improved, yet shares remain ~15% below their June highs. In this report, we outline Nebius' path to nearly $22bn+ ARR exiting 2027 (+30% vs. consensus), even when embedding some conservatism around datacenter delivery schedules. While consensus expectations have moved modestly higher post-Q2 results, **we see the 2027 outlook as a key catalyst as we believe the guidance could materially reset consensus higher.** As a result, we upgrade Nebius to Outperform, and with this note, we transition lead coverage.

Higher pricing improves ROIC framework with Vera Rubin providing upside optionality
As Nebius' Meta and Microsoft contracts largely finish ramping in early 2027 combining for ~600 MW (by our estimates), we expect incremental capacity from Q2 onwards to increasingly reflect higher priced AI Cloud contracts (we model $20m / MW). At $20m / MW, we estimate ROICs could already exceed 25%, with the recent $40m / MW for GB300s implying 60%+ ROICs and nearly one-year paybacks. We could also see a similar scarcity cycle for Vera Rubin deployments, implying $60m+ / MW of monetization (in an extreme bull case) assuming similar one-year paybacks, especially as demand ramps for new models trained on NVIDIA's latest hardware.

Adjusting estimates to embed higher prices, lower debt, but also slower pace; TP to $399
We adjust our estimates to incorporate a slower pace of datacenter deliveries and model in $20m / MW on incremental AI Cloud capacity for 2027. In turn, our 2027 revenue estimates sit 15% above consensus. We continue to value Nebius on 10x steady state FCF in 2030E plus its ClickHouse stake and increase our TP to $399 (vs. $260) on higher pricing and reduced capital intensity.

Nebius (+)	NBIS US
*Closing Price (23 September 2026)	USD226.6
Volume (USDm / EURm)	1,189.5 / 1,039.6
Market cap (USDbn / EURbn)	66.4 / 58.1
Free float (USDbn / EURbn)	63.1 / 55.1
EV (USDbn / EURbn)	77.5 / 67.7
Country / Sub Sector	USA / Software

Performance[1]	1w	1m	3m	12m
Absolute(%)	14	8	(17)	122
Rel. Software(%)	13	4	(36)	140
Rel. MSCI USA(%)	NC	NC	NC	NC

Financials	12/26e	12/27e	12/28e	12/29e
EPS, Adjusted (USD)	(4.22)	(7.09)	3.03	14.43
EPS, Company (USD)	(4.74)	(7.58)	5.32	17.33
EPS - Bloomberg (USD)	(2.20)	(2.94)	(1.23)	7.89
Net dividend (USD)	0.00	0.00	0.00	0.00
Sales (USDm)	3,210	14,027	30,987	50,997
EBITA. Adj. (USDm)	(1,300)	(920)	3,871	10,053
Net profit, Adj.(USDm)	(1,615)	(2,730)	1,184	5,738
ROCE (%)	(3.6)	(1.5)	4.0	7.8
Net Debt/EBITDA, Adj. (x)	12.2	3.7	2.4	1.7

Valuation metrics	12/26e	12/27e	12/28e	12/29e
P/E (x)	-	-	74.7	15.7
Net yield (%)	0.0	0.0	0.0	0.0
FCF yield (%)	(29.0)	(25.2)	(24.6)	(12.1)
EV/Sales (x)	24.1	6.8	3.6	2.4
EV/EBITDA (x)	73.9	11.8	5.9	3.8
EV/EBITA (x)	-	-	29.2	12.2
EV/CE (x)	2.7	1.9	1.5	1.2

All valuation metrics based on adjusted figures

Source: BNP Paribas Equity Research (estimates), Bloomberg (consensus) (1) In listing currency, with dividend reinvested

See page 15 for Analyst Certification, Important Disclosures, Non-US Research Analyst disclosures and BNP Paribas Group Corporate Social Responsibility ("CSR") policies.
*BNP Paribas has adopted strict CSR policies that govern financing and investment in certain sectors. For time of dissemination, please refer to the Cube. *Closing Price (23 September 2026). (1) FINRA member firm and broker-dealer registered with the U.S. Securities Exchange Commission*

Upgrading to Outperform on improved fundamental outlook and pullback in shares

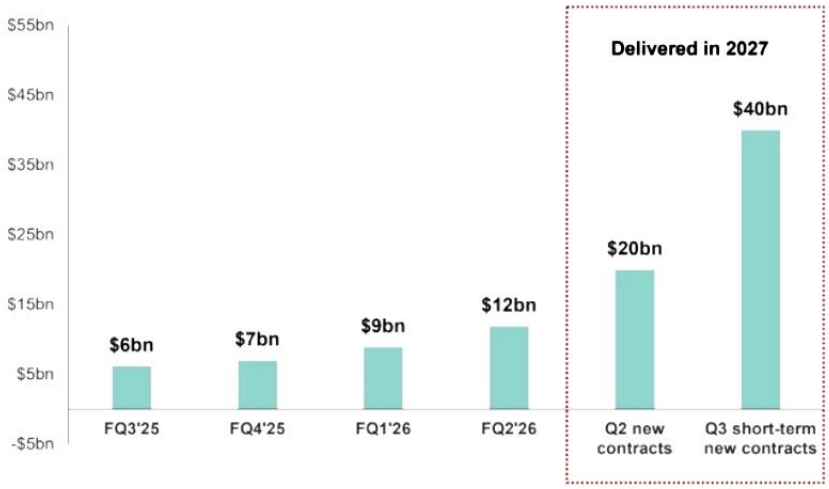
We have long been constructive on the Nebius story (see our initiation: Engineering the future of AI infrastructure) given its strong engineering heritage, evidenced by its experience operating hyperscale infrastructure at Yandex and development of ClickHouse (where Nebius still owns a ~25% stake). But the company's valuation has been a hurdle for us, especially given the stock's strong YTD performance. **Following Q2'26 results, however, we believe the company's fundamental outlook has improved meaningfully,** driven by a sharp reset higher in the economics of incremental capacity. Yet, **shares remain ~15% below their June high, creating what we view as a considerably more attractive risk / reward.** And with Street consensus still materially underestimating Nebius' revenue trajectory, in our view, as consensus estimates have moved only modestly higher since results, we upgrade our recommendation to Outperform from Neutral and increase our TP to $399 (vs. $260 previously). We also update estimates and transfer coverage of CoreWeave (see here). While we believe both will likely outperform in a supply constrained environment, we prefer CoreWeave over Nebius over a one-year horizon given the discounted valuation and potential for a catch-up as the unit economics improve.

To be clear, **potential datacenter delays remain a near-term headline risk,** and we believe concerns around datacenter delivery schedules, coupled with growing noise around datacenter moratoriums heading into the US midterm elections, have driven much of the recent weakness in shares. While these issues could continue to weigh on sentiment near term, we believe the potential impact to estimates is likely overstated.

Even after embedding greater conservatism around the timing of capacity additions at Vineland, NJ and Butler Township, PA, our revenue build still points to significant upside vs. consensus estimates, with higher $ / MW contracts providing a meaningful buffer against potential deployment slippages. **We therefore view the company's 2027 outlook as a potentially important catalyst (likely by Q4) as we believe this could reset expectations materially ahead of consensus** and refocus the debate on Nebius' improved pricing power and better contract economics.

Figure 1: Nebius is now booking higher priced contracts, which should begin flowing through into revenues in 2027

Nebius estimated ARR per GW



Source: Company reports, BNP Paribas Equity Research estimates

Outlining the path to $20bn+ of ARR in 2027 as 'AI Cloud' contracts drive higher blended monetization in H2'27

blended monetization in Q1'27

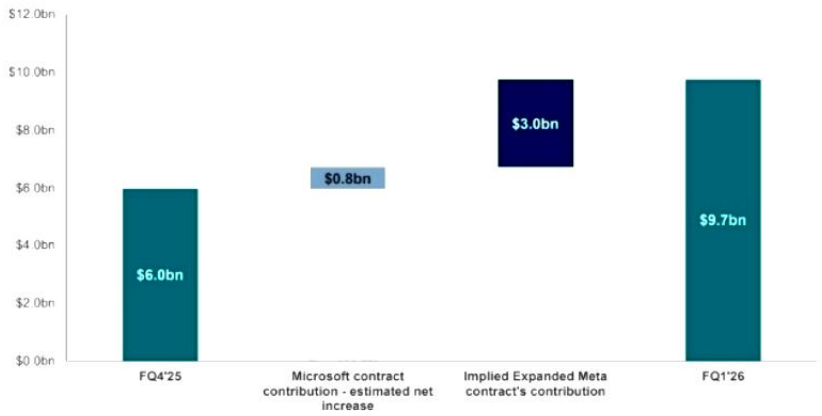
We see a path for Nebius to exit 2027 with $20bn+ of ARR, with a meaningful monetization inflection beginning in Q2'27. We believe Nebius' new $12bn Meta contract should drive a sharp step-up in revenue entering into 2027, but we suspect its lower revenue / MW economics to temporarily weigh on group-level monetization trends. From Q2 onwards, with Nebius' major hyperscaler deployments largely ramped, we expect incremental capacity will be increasingly allocated towards higher priced AI Cloud contracts, driving blended revenue per MW higher through the balance of the year.

Expanded Meta contract appears set to ramp quickly

Based on our analysis of Nebius' 24-month RPO disclosures, we estimate roughly $3bn of cumulative revenue from Meta is expected to be recognized from March 2026 to March 2028, as the step up in disclosed RPO in Q1'26 appears almost entirely attributable to the expanded $12bn agreement signed earlier this year. With management also indicating that Nebius should begin servicing this contract in early 2027, this implies the ~$3bn of cumulative revenue should be recognized over a five quarter period (Q1'27 through Q1'28). With the contract implying a $2.4bn ACV ($12bn over five years), this suggests to us that the new Meta deal could approach its full run-rate shortly after deployment begins in early 2027.

Figure 2: We roughly estimate Nebius expects to recognize $3bn of revenue tied to its expanded Meta contract through Q1'28

24-month RPO estimated bridge – Q4'25 vs. Q1'26



Source: Company reports, BNP Paribas Equity Research estimates

Over the near-term, we believe a faster ramp-up with Meta potentially serves as a near-term headwind to revenue per MW, as we assume the monetization of the Meta contract likely sits below the economics Nebius can capture through its AI Cloud contracts (despite Meta utilizing NVIDIA Vera Rubin hardware). Note, we find hyperscaler contracts tend to price at a discount to 'spot' rates as these contracts allow neoclouds to secure revenue streams backed by an investment-grade entity, allowing these contracts to be levered against to finance new site development. In effect, neoclouds sacrifice some pricing in exchange for longer contract duration, lower demand risk, and improved access to project-level financing.

In our estimates, we assume $12.5m / MW of monetization on Meta contract expansion, well below the recently booked contracts of $20 – 40m / MW. As a result, we expect hyperscaler capacity (which is generally lower priced) to peak as a percentage of the overall fleet in Q1'27, temporarily weighing on blended monetization.

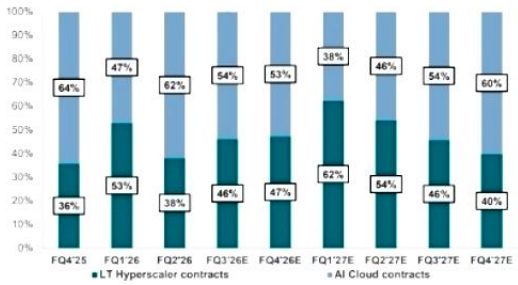
Figure 3: Given these dynamics, we expect the hyperscaler share of Nebius' active power to peak in Q1'27, before higher priced AI Cloud contracts begin to drive up ARR per GW from Q2'27 onwards

before higher priced AI Cloud contracts begin to drive up ARR per GW from Q2'27 onwards

Nebius Group level ARR per GW



Active power mix between hyperscalers and AI Cloud

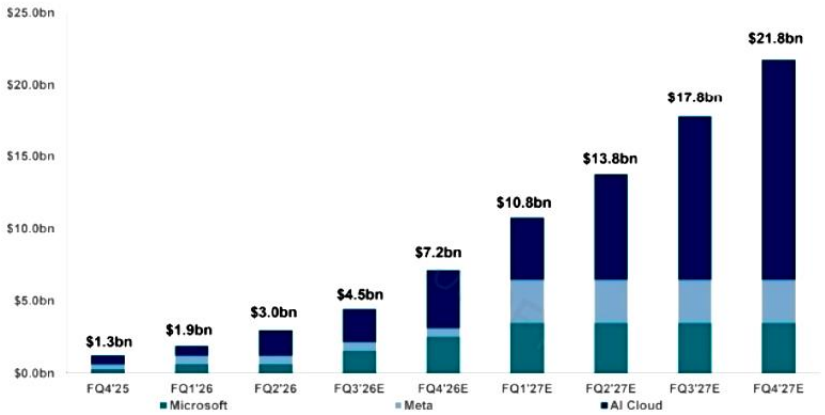


Source: Company reports, BNP Paribas Equity Research estimates

From Q2 onwards, we expect both Nebius' Microsoft and Meta contracts will be largely ramped, collectively consuming ~600 MW, by our estimates. Incremental capacity thereafter should increasingly reflect the monetization of recent AI Cloud bookings where ACV per MW is already at $20m+. As a result, even when we assume 1) less than 1 GW of capacity additions in 2027, below management commentary to embed some leeway for datacenter delays and 2) no upside from short-duration burst capacity deals that command $40m+ / MW, we calculate close to $22bn of ARR for Nebius exiting 2027 (vs. consensus of ~$16.5bn).

Figure 4: We forecast Nebius' ARR climbing to ~$22bn by Q4'27, driven by higher pricing on incremental active power additions

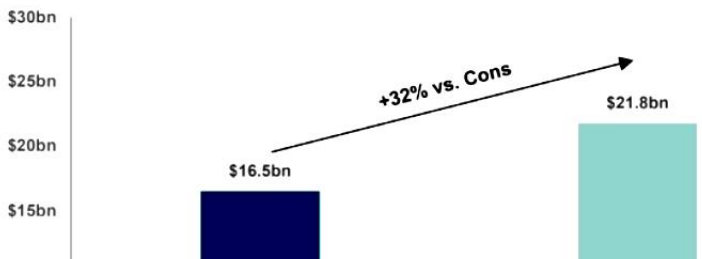
BNPP estimate – Nebius ARR build-up by customer type



Source: Company reports, BNP Paribas Equity Research estimates

Figure 5: Our Nebius 2027 ARR estimate is now 30%+ ahead of Consensus

Year-end 2027 ARR – BNPP vs. Consensus



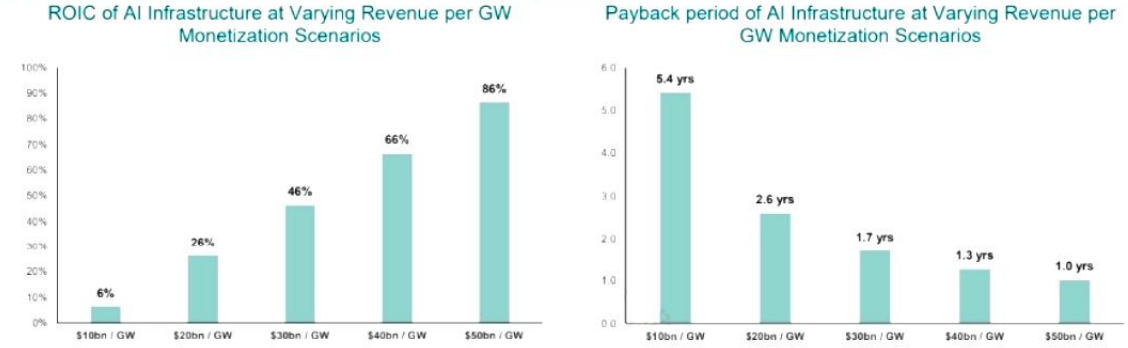


Source: BNP Paribas Equity Research estimates, Bloomberg consensus

Delivering 25%+ ROIC at current GPU monetization rates, on an unlevered basis

At current monetization rates, we see the ROIC framework for Nebius also meaningfully improving. At ~$20m / MW, we estimate incremental capacity can generate 25%+ ROIC, while the $40m / MW economics recently captured on select short duration deployments could drive 60%+ ROICs and payback periods approaching one year, before even incorporating the potential benefits of financial leverage or significant customer prepayments.

Figure 6: At $20bn+ / GW, we estimate Nebius' ROIC of its capex now exceeds 25% with ~2.5 year paybacks on an unlevered basis, with some higher priced contracts implying almost 1 yr paybacks at 60%+ ROIC



Source: Company reports, BNP Paribas Equity Research estimates

Vera Rubin monetization could drive further upside to estimates

We see the monetization of upcoming Vera Rubin capacity as another source of upside not embedded in our estimates. Note, Nebius' recently signed short duration contracts for access to GB300s were for $40m / MW, implying a roughly one year payback on the underlying infrastructure. With Vera Rubin availability to Nebius customers likely beginning in late 2026 / early 2027, we believe the next architecture transition could trigger a renewed wave of training demand as leading AI labs race to secure access to the latest NVIDIA systems.

Importantly, we believe Vera Rubin scarcity could be even more pronounced early on, with those who received priority allocation of the newest NVIDIA hardware (such as Nebius) standing to benefit most. As NVIDIA CEO Jensen Huang outlined during the company's most recent earnings call, the Vera Rubin hardware alone could cost ~$40bn / GW in capex, implying ~$60bn / GW when including capex for the powered da shell. If Nebius is able to maintain the roughly one year payback economics being captured on select GB300 deployments, this would suggest some 2027 could be monetized at $60m+ / MW for short term access to Vera Rubins.

To be clear, we view $60m+ / MW as an extreme upside scenario rather than case assumption. However, with Vera Rubin capacity likely to be amongst the compute resources available as the next training cycle begins, we believe the fra highlights the potential pricing power associated with incremental capacity that uncommitted, especially if we see a similar scarcity premium for access to Ver burst capacity as we saw with GB300 contracts.

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