

COREWEAVE

NASDAQ: CRWV

Growth has a capital cost

BUY | The shared neocloud pricing assumption supports substantial equity upside after modeled replacement spending, financing and dilution. Realizing comparable contract economics is central to the thesis.

BUY	\$125	\$87.60	42.7%
RATING	TARGET	REFERENCE	IMPLIED RETURN
High uncertainty	12-18 months	25 September 2026	Rounded Base target

Investment conclusion

Our \$125.00 target rounds the \$124.04 Base discounted-cash-flow value to the nearest \$5. The valuation date is year-end 2027. A separately calculated ARR cross-check gives \$168.56; it is not averaged into the target because it does not explicitly establish lifetime reinvestment economics.

What supports the business	What limits the equity case
Base new-cohort pricing blends to \$20m/MW; consolidated EBITDA margin matures to 67%.	Capital intensity, cash interest and equity issuance absorb operating gains.
Renewal evidence supports testing useful economics beyond accounting depreciation.	Base assumes seven-year replacement and a 10% renewal haircut; both remain estimates.
Base CY2027 revenue reaches \$32.715bn.	All unpaid project capital remains an explicit claim on equity.

Probability-weighted value is \$151.60, with a substantial contribution from the Bull tail. The target follows Base; the probability-weighted result is a separate measure.

Tugay Dilikoglu | Dilikoglu Research | Initiation of coverage | 26 September 2026

Reference is dated, not a live quote. The report and company dashboard share the same September 26 model baseline.

Investment thesis

Operating upside is real; the security remains highly sensitive to assumptions.

Improving contract economics

The September presentation reports a 25% July increase across SKUs and examples of older-generation renewals. Separately, the company disclosed approximately \$40m/MW on short contracts. These observations strengthen the pricing case but do not establish a fleet-wide, multiyear \$40m/MW rate. [1,2]

Contract margin versus company margin

The March financing illustration uses approximately 75% stabilized contract EBITDA, including rent, power and direct operating costs. That is not consolidated guidance. We model 60% consolidated EBITDA in 2027, rising to 67% in 2030, and deduct recurring SBC separately in cash-flow valuation. [3]

The equity constraint

A large run-rate does not remove the need to fund servers or replace them. We count restricted shares once, include the September convert, maintain capital beyond 2027 and retain the full unpaid project obligation. Financing must remain available as contracts and assets mature.

Scenario	Prior	DCF value	ARR cross-check
Failure	10%	\$0.00	\$0.00
Bear	30%	\$0.00	\$42.06
Base	45%	\$124.04	\$168.56
Bull	15%	\$638.58	\$379.52

Priors are DR judgments, not measured outcome probabilities. Failure and Bear exhaust modeled equity; zero is an equity valuation floor, not a predicted default date. The Bull case combines favorable pricing, margins, asset longevity and financing. Its contribution must be evaluated alongside the downside branches.

Operating underwriting

Guidance anchors the start; 2027 remains an independent forecast.

Management's August outlook gives exit-2026 ARR of \$18.5-19.5bn. Base starts at \$19bn. Company ARR annualizes the last month of the quarter; it is not annual recognized revenue. [4]

CY2027 DR estimate	Failure	Bear	Base	Bull
Legacy commercial MW	1,750	1,850	1,900	1,950
New commercial MW	450	950	1,400	1,900
Legacy ARR/MW (\$m)	9.0	9.5	9.7	10.0
New ARR/MW (\$m)	14.0	17.2	20.0	25.0
EBITDA margin	42%	50%	60%	64%

Derived (\$bn)	Failure	Bear	Base	Bull
Exit ARR	22.05	33.96	46.43	67.00
Revenue	18.89	25.26	32.72	44.44
EBITDA	7.94	12.63	19.63	28.44

The common future-sales policy uses the shared DR new-cohort curve of \$18m / \$22.5m / \$25m / \$30m per modeled revenue-producing MW. This applies to an estimated 50% of 2027 additions in every scenario. The remaining half retains \$10m/\$12m/\$15m/\$20m, yielding blended \$14m/\$17.25m/\$20m/\$25m. Base is 700 MW at \$25m plus 700 MW at the retained \$15m estimate. This split is DR judgment, not disclosed contracted coverage; retained prices are not verified named-contract terms. Announced deals are unchanged. The short-term \$40m observation is not extrapolated. [1]

Post-2027 growth productivity remains separately estimated at \$10m/\$12m/\$15m/\$20m per MW. The 2027 price change does not alter later-year investment efficiency. Capacity sold under existing agreements is not repriced merely because delivery starts in 2027.

Separate platform ARR is zero. Software and managed inference are embedded in cohort productivity; no second software revenue or valuation premium is added. Their contribution is included in the operating forecast rather than valued separately.

Base commissioning weights are 20/30/30/20. Quarterly revenue averages opening and closing run-rate. Contracted power, active power and modeled revenue-producing MW are not interchangeable. No second blanket utilization discount follows the cohort calculation.

Contract scope and allocation

Announced contracts retain economics; the unsold share is an explicit estimate.

The 50% allocation is an underwriting choice. Public announcements do not identify enough MW and annual delivery schedules to verify that split. No named agreement has been assigned an invented annual revenue or repriced at the common future-sales curve.

Reviewed announcement	Protection / limitation
OpenAI: up to \$22.4bn aggregate [9]	Includes initial and expansion announcements. Do not add the components again; MW and annual delivery allocation remain undisclosed.
Meta: \$21bn expanded agreement [10]	Agreement extends through December 2032; total value does not establish 2027 ARR or MW.
Jane Street: \$6bn commitment [11]	Keep the separate \$1bn equity investment out of commercial revenue.
Anthropic: multiyear agreement [12]	Phased delivery starts in 2026; unknown pricing is not evidence of uncontracted capacity.

Contracted power measures access to supply, not customer-sold MW. Backlog and overlapping named commitments are not added to modeled ARR. The ledger is an inventory of reviewed announcements, not a complete contract-level revenue schedule.

Estimated future-sales share	Base DCF / share
0%	\$66.32
25%	\$94.89
50%	\$124.04
75%	\$153.08
100%	\$182.11

This sensitivity holds later-year productivity fixed. The adopted 50% is not demonstrated to be conservative: a 25% allocation gives a materially lower value, while the 0% endpoint retains all prior forecast pricing. Changing the allocation does not change announced deal terms.

Capital structure

Security claims are reconciled before assigning value to common shares.

Input	Treatment
Basic common shares	551.536602m, July 31 cover count [5]
Incremental RSUs	29m; issued RSAs already sit inside basic shares [5,6]
Options and warrants	24m options at \$1.84; 4m warrants at \$1.5495 [5,6]
Future 2027 funding shares	0.000m in Base; proceeds fund capex
Future ungranted SBC	\$1.051bn reserve for 2027; recurring SBC separately after 2027

Convert	Principal (\$bn)	Conversion price	Capped-call ceiling
2031 [6]	2.5875	\$107.80	\$215.60
2032 [7]	4.0000	\$119.60	\$230.00
2033 [8]	4.2000	\$97.85 approx.	\$199.70

September's closed issuance carries a 2.875% coupon and leaves \$3.5708bn after purchaser discounts and capped-call cost, before other expenses. Its coupon is included in the total interest forecast rather than added twice. [8]

Original principal remains in financial debt; only premium dilution above the capped-call ceiling is added. This economic convention assumes effective hedges. Eligibility, settlement choice, adjustments and counterparty performance can affect realized dilution. The model does not assume automatic conversion at the initial strike.

Reported award quantities are June snapshots and partly rounded; post-June movements remain an estimation limitation. Basic shares include issued restricted awards, avoiding the previous duplicate allowance. The dated capital ledger is not a representation of today's exact fully diluted count.

Funding and unpaid capital

Every project dollar is paid, financed or retained as an obligation.

Base CY2027 DR cash bridge	USD billion
Adjusted EBITDA	19.629
Cash interest	-5.000
Cash tax	-0.300
Net deferred revenue	1.500
Other working capital	-0.500
Operating CFO	15.329
Cash capex	-38.600
Net new financial debt	20.000
Opening cash used	3.271
Residual common equity	0.000

Project capital is \$44.800bn. The 75% paid share plus \$5bn other cash capex produces \$38.600bn. We classify the remaining \$11.200bn as a trade-capital obligation due in 2028, excluded from net-new financial debt. Both valuation methods deduct its face value once. The payment is shown in future liquidity, not deducted again from enterprise cash flow.

The timing and classification are DR estimates, not a verified vendor payment schedule. Financial debt and unpaid project capital are treated as separate obligations to avoid double counting.

Opening net debt is \$47.674bn: June principal less unrestricted liquidity, plus estimated H2 cash burn and financing costs, plus a \$0.221bn finance-lease allowance. H2 gross borrowing required by the illustrative bridge is \$21.315bn including September; it is not a commitment. \$20bn net borrowing in 2027 also requires refinancing scheduled maturities.

Cash-flow valuation

Replacement economics are modeled rather than hidden in a multiple.

Base DR assumption	Treatment
Valuation date / explicit years	31 December 2027 / 2028-2047
Equipment economics	Seven-year technology replacement; 90% revenue retention after five years until replacement
Capital cost	No replacement-cost deflation; infrastructure 15 years, software 4 years
Margin	60% in 2027; 62.3/64.7/67.0% in 2028/29/30; 67% thereafter
Growth	Exit capacity growth 20/16/12/8/5%, then 2.5%; new revenue averaged through year
Cash flow deductions	Recurring SBC 3% of revenue; 25% tax proxy; growth and replacement capex
Discount rate / terminal growth	12% / 2.5%

June in-service gross assets are \$40.704bn, excluding \$11.918bn CIP. Add \$20.8bn estimated H2 in-service additions, \$44.8bn 2027 project capital and \$5bn other infrastructure to reach \$111.304bn. Transfers from CIP are not added twice. The allocation of asset ages and future spending is a DR estimate. [2,5]

Seven years is an underwriting estimate: six-year accounting depreciation plus a limited renewal period, not a claim that every GPU lasts seven years. Renewal examples support a sensitivity range but do not prove fleet-wide longevity. Each replacement restores the cohort's initial earning capacity; no automatic legacy-price uplift is assumed.

Tax depreciation is separate from replacement timing. The terminal value uses normalized sustaining investment and renewal retention, avoiding a capex holiday in the final explicit year. No tax-loss asset, disposal proceeds or terminal prepayment advantage is added.

Target and valuation bridge

The Base cash-flow result determines the recommendation.

Base YE2027 equity bridge	Value
DCF enterprise value	\$158.627bn
Financial net debt	\$70.945bn
Unpaid project capital	\$11.200bn
Future 2027 SBC reserve	\$1.051bn
Equity value	\$75.431bn
Diluted shares	608.131m
Base intrinsic value	\$124.04
Rounded price target	\$125.00

The target implies 42.7% versus the \$87.60 September 25 reference. It is a 12-18 month target anchored to YE2027, not a present-day discount of all claims to September 2026. Terminal value contributes 16.3% of Base enterprise value.

ARR valuation cross-check

A 4.0x multiple on \$46.430bn exit ARR, after the same debt and unpaid capital claims, gives \$168.56. The ARR method and DCF capitalize future economics differently. We retain both results and use the disclosed Base DCF to set the target; pricing alignment does not make the methods identical.

Recommendation judgment

BUY follows the Base target's upside under the stated rating convention: above +15% BUY, below -15% SELL, otherwise HOLD. PW remains a separate scenario-weighted measure. Investors assigning greater weight to downside outcomes can reasonably reach a different conclusion. This is a high-uncertainty valuation, not a precise price forecast.

Sensitivity and uncertainty

Asset life and financing cost can change the investment conclusion.

Base operating case	10% WACC	12% WACC	14% WACC
6-year replacement	\$144.72	\$84.34	\$44.63
7-year replacement	\$194.02	\$124.04	\$77.93
8-year replacement	\$229.10	\$153.99	\$102.75

10,000-draw simulation	USD/share
Mean	\$165.26
Median	\$61.56
P10	\$0.00
P25	\$0.00
P75	\$207.38
P90	\$543.70

Seed 20260926. 55.2% of simulated values fall below the dated reference; 40.8% reach the zero-equity floor. These are model frequencies, not empirically calibrated probabilities of loss or bankruptcy.

The mean and deterministic PW differ because correlated operating and financing shocks interact with zero-equity floors and the Bull tail. The median reflects the downside branches and the spread of Base outcomes. Base-conditional median is \$121.26; compare it with deterministic Base rather than treating the unconditional median as the Base case.

Execution, future-sales pricing, margins, capital cost, credit, issuance and WACC move together through disclosed correlated shocks. The 50% allocation, retained-cohort price and later-year productivity remain fixed; allocation uncertainty is assessed separately. A discrete life shock varies replacement timing. Every draw recomputes operating cash, residual issuance and security claims. Distribution widths and priors are analyst judgments.

Risks and decision rules

Explicit estimates replace missing disclosure; they do not eliminate uncertainty.

Catalysts and operating milestones

Signed pricing on comparable equipment and contract duration will test the revenue outlook. Capacity acceptance and customer cash receipts will indicate whether growth is converting into cash. Consolidated margins, equipment renewals and refinancing terms will determine how much of that growth accrues to shareholders.

Thesis risks

The investment case would weaken if seven-year equipment economics or 90% renewal retention becomes implausible, if comparable future uncontracted sales cannot achieve \$25m/MW, if the assumed 50% available-sales allocation proves wrong, if the margin path toward 67% fails to emerge, or if financing requires materially more equity than modeled. Sustained better renewal economics, margin realization or cheaper financing can justify a higher target. Short-term scarcity pricing alone is insufficient.

Liquidity remains distinct from enterprise value

Base 2028 unlevered cash flow after the deferred capital payment is \$-3.773bn, before cash interest and refinancing. This is not a self-funding equity story. Quarter-end funding and asset-level cash restrictions require monitoring even where enterprise value is positive.

Known model limits

Public disclosures do not provide a full asset-by-asset renewal register, contract-level financing waterfall or future draw calendar. We use explicit asset-age, replacement, working-capital and funding estimates. The DCF includes future operating investment but does not forecast every post-2027 financing instrument or distressed issuance; credit and dilution stress remain material risks.

Software and services are included in cohort revenue, unpaid capital is deducted separately, and equipment renewals follow an explicit retention curve. These are research assumptions rather than additional reported facts. The report and analytical dashboard share the same operating and valuation methodology.

Sources and disclosures

Primary evidence is separated from Dilikoglu Research estimates.

[1] September 17 pricing release

[2] September investor presentation, slides 7, 10 and 26

[3] March 2026 investor presentation, contract illustration

[4] August 2026 outlook presentation

[5] June 2026 Form 10-Q

[6] FY2025 Form 10-K

[7] April 2026 convertible closing

[8] September convertible closing

[9] OpenAI aggregate agreement

[10] Meta expanded agreement

[11] Jane Street agreement

[12] Anthropic agreement

Sources reviewed September 26, 2026. Reference: ChartExchange historical close for September 25, \$87.60. Other checked vendor displays differed by one cent; the reference is frozen for this report. Historical price source.

Classification

Share and security terms and balance-sheet figures are reported inputs. Forward outlook and contract illustrations are management guidance/commentary. All scenario MW, pricing, margins, future capital, funding, replacement and renewal assumptions, WACC, priors and the recommendation are Dilikoglu Research estimates or judgments. No estimate is represented as a commitment or independently validated forecast.

Author and conflicts

Tugay Dilikoğlu confirmed on September 26, 2026 that he has no interest in CRWV and received no compensation from anyone for this research. Research is produced independently and separately from professional responsibilities.

Research disclosure

For informational purposes, not personalized investment advice. Valuation depends on assumptions and can change materially. Equity may lose its entire value. The target is not a guarantee. The report freezes the September 26 research baseline; subsequent model updates may differ.

Report assumptions SHA-256: 7aeda796d55fc187eecd6b441924b831b9f8c586f61dcc147016c22afaa93f79