

# Nebius Group N.V.

Institutional Equity Research  
October 22, 2025

## New Avride Investments Reinforce Non-Core Value

Earlier this morning, it was announced that Avride, one of the non-core Nebius businesses focused primarily on autonomous vehicle technology, secured up to \$375M in commitments backed by both Nebius and Uber. The new capital will be used to further product development and help expand Avride's fleet to 500 autonomous vehicles in new geographies, with the first 100 launching later this year in Dallas in partnership with Uber. We reiterate our **BUY** rating and \$125 price target.

**This recent announcement reinforces Avride as the most valuable non-core business in Nebius' portfolio.** Our previous analysis of the Avride business indicated that each vehicle could generate ~570/day in Dallas/Austin, and we'd estimate that now, with a 500 car fleet, Avride would be able to generate ~\$104M per year at full capacity. Given the size of Avride's potential fleet and the revenue they'd be capable of generating, we'd argue that at minimum, based on autonomous vehicle comps, the business should be valued at \$5B on the lower end with the potential to be valued at \$10B+ given a slight discount to Waymo. Similar to our commentary previously however, the valuation of Avride is likely to be far more nuanced and based on a capacity-basis that's accounting for vehicle financing and unit economics.

**We believe that Avride and the other non-core businesses are not being properly valued by the market.** While shares have run up considerably, albeit cooling-off due to negative sentiment surrounding AI data center build-outs, we'd argue that the market is not appropriately valuing either Toloka or Avride, especially following both of their most recent fundraising rounds. Based off of Bloomberg's reporting, following this Avride round, Nebius will maintain full ownership of Avride, with Uber's portion of the deal structured as a convertible note which Uber will have the ability to convert its commitments into equity at a future time.

**Non-core business stakes are still important, but focus has shifted back to the core Nebius business.** Initially, investor interest around the non-core businesses and a sum-of-the-parts valuation was in part due to Nebius commentary relating to the sale of their stakes in said businesses, which could be utilized to fund their future data center expansions. While this is still the case, it has become clear that these stakes will not be able to cover the required capex if Nebius were to sign another deal or two of similar magnitude to the Microsoft contract. With attention now primarily on the core business, we'd continue to point out two things to investors (1) we believe Nebius is likely to sign another large-scale deal with a frontier research lab or hyperscaler, especially following the recent Alabama news and (2) it's our view that the core business should at least trade at 1x backlog, though the market is currently implying it is valued at less than such.

For more details on Avride, please refer to a [previous report](#) we've published outlining Avride's approach and opportunity in the autonomous ride hailing market.

**BUY**

NBIS - NASDAQ

**Price Target****125.00**

Price (10/21/25)

\$104.28

Industry

TECHNOLOGY

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### DaVinci Overview

D.A. Davidson's DaVinci initiative focuses our technical-oriented research, data-driven insights, and prescient think pieces under one unified framework. We note that for our DaVinci coverage of deep tech businesses, we employ an early-stage venture approach focusing on technical foundations, disruptive potential, and long-term strategic value, rather than near-term financial and valuation metrics given the unique growth trajectories of pre-inflection markets.

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### Potential Risks

**Hyperscaler Competitive Pressures:** While Nebius benefits from the AI compute unbundling trend, hyperscalers like AWS, Azure, and GCP have deep resources and could adjust pricing, expand AI-specific offerings, or bundle services in ways that make it harder for Nebius to compete long-term.

**Capital Intensity and Scaling Challenges:** Expanding AI infrastructure requires significant upfront capital for data centers, GPUs, and networking. If Nebius cannot secure sufficient funding or optimize its cost structure, it may struggle to scale profitably.

**Enterprise Adoption Uncertainty:** While AI-native startups are early adopters, Nebius needs enterprise customers for long-term stability. Winning over traditional companies that are deeply embedded with hyperscalers could be challenging.

**Geopolitical & Regulatory Risks:** As a company spun out of Yandex, Nebius may face heightened regulatory scrutiny or geopolitical risks, particularly in regions where ties to its former parent company are viewed as a liability.

### Required Disclosures

Best-of-Breed: Expected to outperform on a risk adjusted basis over a five-year time horizon, but may be fully valued over a 12-18 month time horizon.

D.A. Davidson & Co. makes a market in Nebius Group N.V., Amazon.com, Inc., CoreWeave, Inc., Alphabet Inc., Microsoft Corporation, NVIDIA Corporation and Oracle Corporation.

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### Rating Information

**D.A. Davidson & Co.'s Institutional Research Rating Scale Definitions** (maintained since October 10, 2017); information regarding our previous definitions is available upon request:

**BUY:** Expected to produce a total return of over 15% on a risk adjusted basis over the next 12-18 months

**NEUTRAL:** Expected to produce a total return of -15% to +15% on a risk adjusted basis over the next 12-18 months

**UNDERPERFORM:** Expected to lose value of over 15% on a risk adjusted basis over the next 12-18 months

Rating Distribution (as of 9/30/25)	Coverage Universe Distribution			Investment Banking Distribution		
	IR	WMR	Combined	IR	WMR	Combined
<b>BUY (Buy)</b>	59%	85%	62%	8%	0%	7%
<b>NEUTRAL (Hold)</b>	40%	13%	37%	4%	0%	3%
<b>UNDERPERFORM (Sell)</b>	1%	2%	1%	0%	0%	0%

IR denotes Institutional Research; WMR denotes Wealth Management Research whose rating scale is Buy/Add, Neutral, Sell/Reduce. Investment Banking Distribution denotes companies from whom D.A. Davidson & Co. has received compensation in the last 12 months. Best-of-Breed: Expected to outperform on a risk adjusted basis over a five-year time horizon.

Target prices are our Institutional Research Department's evaluation of price potential over the next 12 months, based upon our assessment of future earnings and cash flow, comparable company valuations, growth prospects and other financial criteria. Certain risks may impede achievement of these price targets including, but not limited to, broader market and macroeconomic fluctuations and unforeseen changes in the subject company's fundamentals or business trends.

While the Best-of-Breed designation does not contain a separate rating and/or price target from that of the standard ratings system referenced above, the expectation is that the security, based on the 12 criteria utilized in assessing the "Best-of-Breed" designation, will outperform over a five-year time horizon, not the standard 12-18 month time horizon.

For a copy of the most recent reports containing all required disclosure information for covered companies referenced in this report, please contact your D.A. Davidson & Co. representative or call 1-800-755-7848.

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### Other Companies Mentioned in this Report

Company Name	Ticker	Rating	Price
<b>Nebius Group N.V.</b>	NBIS	BUY	\$104.28
<b>CoreWeave, Inc.</b>	CRWW	UNDERPERFORM	\$125.06
<b>Oracle Corporation</b>	ORCL	NEUTRAL	\$275.15
<b>NVIDIA Corporation</b>	NVDA	BUY	\$181.16
<b>Microsoft Corporation</b>	MSFT	BUY	\$517.66
<b>Alphabet Inc.</b>	GOOGL	NEUTRAL	\$250.46
<b>Amazon.com, Inc.</b>	AMZN	BUY	\$222.03

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