Growth Company Valuation

M. Shazil Farukh

Excel Sheet: CoreWeave Financial Analysis

Introduction

CoreWeave is a specialized cloud infrastructure company that provides high-performance GPU computing optimized for scaling AI software and workloads (Brown & Filho, 2025). Following its IPO on March 28, 2025, which raised $1.5 billion, making it the largest U.S. technology sector IPO since 2021, the company began trading at a share price of $40, reduced from the initial target of $47 to $55 due to investor concerns over its financial and operational concentration risks (Novet, 2025). CoreWeave's heavy reliance on Nvidia's chips and a narrow customer base, particularly Microsoft, which accounts for 62% of 2024 revenue, raises questions about long-term resilience. With technology equipment purchases adding $8.4 billion to Net PPE for 2024 alone, CoreWeave is capital-intensive and highly leveraged, carrying $941 million in debt service obligations, further compounding concerns around asset depreciation and default risk (*S-1*, 2025).

Equity Valuation per Share

Discounted Cash Flow Analysis

To estimate CoreWeave's intrinsic value, we developed a DCF model that incorporates both company-specific disclosures from the S-1 filing and broader industry context. Revenue projections were built using a top-down TAM framework (See Appendix A for the assumptions), where CoreWeave gradually grows its market share before stabilizing in 2029. Operating costs, capital expenditures, and working capital changes were forecasted based on common-size analysis and historical patterns, with many items expressed as a percentage of sales. These assumptions reflect our interpretation of CoreWeave's growth trajectory and cost structure, and

we note that revenue, CapEx, and working capital are the three most sensitive drivers, each of which is later varied in our sensitivity analysis. Refer to Appendix B for the different scenarios.

Under the base case, the DCF model outputs five years of negative free cash flow due to heavy investment and scaling costs, followed by a recovery into positive territory in 2029. The estimated WACC is 12.2%.[1] The resulting enterprise value is approximately $11.0 billion, leading to an implied equity value of $10 per share, our foundational view of CoreWeave's intrinsic value.

DCF (8-16% WACC, 1-4.5% TGR)	EV	Price Per Share
Mean	$72,094,889	$147.7
Minimum	-$83,486,972	-$203.0
25th Percentile	-$38,682,661	-$102.0
Median	$11,001,327	$10.0
75th Percentile	$142,752,618	$307.0
Maximum	$562,404,878	$1,253.0

Cost of Equity		Cost of Debt				
		8.0%	**10.0%**	**12.32%**	**14.0%**	**16.0%**
	8%	761	644	529	458	383
	10.0%	396	329	261	218	171
	12.0%	180	137	94	65	35
	13.43%	74	43	**10**	-12	-35
	16.0%	-55	-74	-95	-109	-124

Figure 1: As expected, lower capital costs significantly boost valuation, with the highest value ($761/share) occurring when both equity and debt are priced at 8%. However, what's more telling is how steeply valuation collapses as costs rise, especially on the equity side. This is because CoreWeave's financing strategy leans heavily on equity risk, given its stage and volatility, and even modest increases in the cost of equity drastically shrink the present value of future cash flows. The decision to use a 2.1 beta (mentioned in the first footnote) instead of a lower peer-average beta was conservative, but the table validates that even slight underestimation of this risk premium could lead to severe overvaluation.

[1] For beta specifically, we initially calculated an equity beta of 1.18 by unlevering and relevering the asset betas of cloud infrastructure peers. However, we ultimately used a higher beta of 2.1, as reported by MarketWatch, reflecting our belief that CoreWeave's risk profile, given its early-stage status, high leverage, and aggressive growth strategy, is not adequately captured by more mature comps like Microsoft Azure or AWS.

Terminal Growth Rate		WACC				
		8.0%	10.0%	12.22%	14.0%	16.0%
	1.00%	307	73	-74	-148	-203
	2.00%	464	159	-25	-114	-180
	2.60%	587	221	**10**	-91	-164
	3.50%	833	336	71	-50	-137
	4.50%	1253	509	155	3	-102

Figure 2: At our base case (12.22% WACC and 2.6% terminal growth), the implied share price is $10. But this changes dramatically under different scenarios: just a 1% reduction in WACC or a 1% increase in terminal growth can swing valuation by hundreds of dollars per share. This highlights the long-duration nature of CoreWeave's cash flows. The bulk of the firm's value is tied to its terminal value, not near-term performance. For a company banking on AI-driven demand to sustain growth well beyond the projection window, small shifts in market confidence (e.g., in inflation, discount rates, or AI adoption trajectories) could meaningfully affect valuation.

CapEx	Market Share in 2029 (Revenue)				
	CapEx % of Sales in 2029		Bad	Base	Good
			1%	28%	50%
	Good	3%	-$6	-$53	-$73
	Base	10%	$5	**$10**	-$45
	Bad	50%	-$23	-$803	-$1,514

Figure 3: Due to the high tax shield from depreciation, investing more in CapEx increases value in the base case from the good case. However, investing too much will erode valuation.

Comparables Method

Using a public comparables approach, we benchmarked CoreWeave against a set of five leading AI and cloud infrastructure providers: DigitalOcean, Snowflake, and the cloud segments of Alphabet (Google Cloud), Amazon (AWS), and Microsoft (Azure). Given the volatility and inconsistency in profit-based metrics such as EV/EBITDA and P/E, driven by negative earnings for some peers, we focused exclusively on

Public Comparables	EV	Price Per Share
Mean	$14,436,065	$17.74
Minimum	$5,824,710	-$1.67
25th Percentile	$9,446,898	$6.50
Median	$10,123,874	$8.02
75th Percentile	$20,924,662	$32.37
Maximum	$25,860,181	$43.50

EV/Revenue multiples as the most stable and meaningful valuation metric. To ensure comparability, we isolated cloud-specific valuations by adjusting for each company's cloud segment as a percentage of total revenue, assuming that segment-level performance proportionally reflects market cap and enterprise value. Based on this methodology, CoreWeave's implied valuation falls within a mean of $17.74 per share and a median of $8.02.

Precedent Transactions

To further triangulate a fair equity valuation for CoreWeave, we conducted a precedent transaction analysis using five high-profile public acquisitions from the past five years in adjacent sectors like cloud infrastructure, data center compute, and AI acceleration. These included the acquisitions of VMware, Xilinx, Mellanox, Inphi Corp., and CyrusOne, each selected for their strategic relevance to CoreWeave's business model, capital intensity, and exposure to hyperscale compute environments. For each deal, we sourced key valuation multiples: EV/Revenue, EV/EBITDA, and Offer Price / EPS, and applied them to CoreWeave's latest financials to derive implied valuations.

While we reviewed all three metrics, we primarily relied on EV/Revenue as the most meaningful benchmark. CoreWeave's negative earnings and volatile EBITDA, due to its early-stage growth and heavy infrastructure investment, make profit-based multiples less reliable. EV/Revenue offers a cleaner, growth-sensitive valuation approach for businesses

Precedent Transactions	EV	Price Per Share
Mean	$18,579,632	$27.1
Minimum	$8,044,789	$3.3
25th Percentile	$9,768,673	$7.2
Median	$21,644,314	$34.0
75th Percentile	$23,751,282	$38.7
Maximum	$29,689,103	$52.1

scaling rapidly in high-demand markets like AI cloud computing. Using the mean and median EV/Revenue multiple, we derived an equity value of $27.1 and $34.00 per share.

Football Field

To consolidate insights from our three valuation methods (DCF, public comparables, and precedent transactions), we developed a football field graph to visualize CoreWeave's implied share price range. Each method offers a unique lens: DCF captures long-term intrinsic value, public comparables reflect market sentiment, and precedent transactions show acquisition premiums for similar businesses.

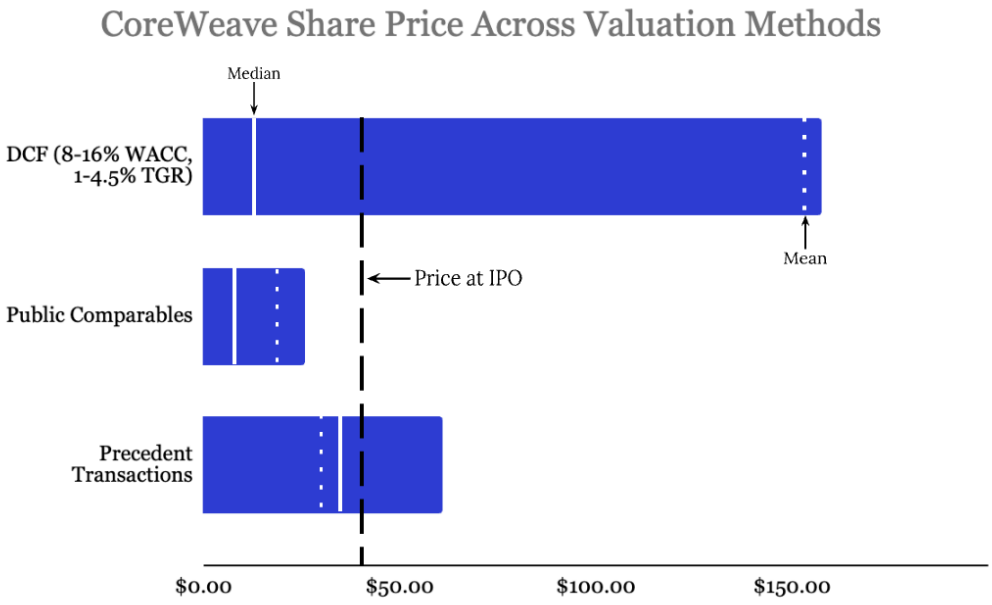


Figure 4: The DCF-based valuation spans a central range of $10.00 to $147.72 per share. Public comparables yield a more conservative valuation, centered around a median of $8.02, highlighting the market's skepticism about CoreWeave's near-term profitability. Precedent transactions, however, suggest a higher implied value, with a median of $33.99 per share, driven by the strategic premiums acquirers have historically paid for high-growth infrastructure assets.[2]

[2] Importantly, this graph was built using mean and median values, not minimum and maximum ranges. This decision was intentional. The DCF analysis, given its sensitivity to WACC and terminal growth rate assumptions, produced an extremely wide range from deeply negative values up to $1,253 per share. Including such extremes would have distorted the visualization, dwarfing the outputs of the other methods

Investor Recommendation

Taking all methods into account, we estimate a fair value of $22 per share for CoreWeave. This sits significantly below the company's IPO price of $40 and reflects a balanced view, recognizing the long-term potential captured in DCF while anchoring that against more market-based, acquisition-driven benchmarks. The final valuation range of $10 to $33.99 per share, based on medians, encapsulates both the downside risk and strategic upside, suggesting that, at IPO, CoreWeave may have priced ahead of its fundamentals.

Buy, keep, or sell?

Quantitatively, CoreWeave appears overvalued compared to the trading price of $35.42 as of April 21, 2025 (*CoreWeave, Inc. Class a Common Stock (CRWV) Stock Price, News, Quote & History - Yahoo Finance*, 2025). This is understandable given that the valuation methods reflect CoreWeave's current highly leveraged structure.

However, qualitatively, CoreWeave's aggressive debt strategy is justified. If CoreWeave doesn't aggressively capture market share now, while hyperscalers like Microsoft are still building their data centers, it risks losing its temporary edge. Its infrastructure is meaningfully faster and more scalable than its competitors' *right now*. Sensitivity analysis shows the valuation is highly volatile, especially to changes in working capital needs, depreciation schedules, and terminal growth assumptions. In addition, demand for the type of high-performance AI infrastructure CoreWeave provides is expected to surge in the coming years, driven by rapid growth in model training, inference workloads, and enterprise adoption of generative AI technologies (Fortune Business Insights, 2025). Given the uncertainty in valuations at this stage,

---

and making the chart less informative. Instead, we focused on central tendency, using medians and means, to produce a cleaner, more comparable view across methodologies.

forecasted demand, and recognition of CoreWeave's unique market window, a diversified investor should keep the stock, closely monitoring execution and leverage as the market evolves.

Strategic Recommendations

Given CoreWeave's $941 million in 2024 debt service, 32% of net operating cash, and exposure to rapidly depreciating GPU assets, mergers and acquisitions are not a strategic path forward, particularly considering that CoreWeave's proportion of cash reserves relative to debt and overall interest expenses are decreasing (Long Term Debt And Capital Lease Obligation as a % of Total Assets went from 35.9% in 2023 to 44.2% to 2024) (S-1, 2025; Appendix C). To ensure sustained growth and long-term success, CoreWeave should diversify its customer base, targeting small-to-mid-sized AI startups and GPU-enabled companies. CoreWeave's current highly concentrated customers, like Microsoft, which accounts for 62% of CoreWeave's revenue, have contributed to CoreWeave's rapid growth (737% growth in Sales in 2024), which increases the risk of sustainability from hyperscalers' investments into internalized data centers (McDade, 2025; S-1, 2025) (Appendix C). To mitigate this risk, CoreWeave should leverage its position as the fastest GPU cloud service provider for an AI workload at scale to target long-term contracts with high-growth startups before competitors can match their offerings (Brown & Filho, 2025) (Appendix D).

The Forbes AI 50 list provides a list for CoreWeave's potential customers that collectively represents over 365,000 implied GPU hours and $15 billion in potential annual revenue across several AI-powered sectors (Appendix E). These companies offer more predictable workloads and infrastructure dependence than CoreWeave's current hyperscaler customers, and the

marketing and sales departments should consider negotiating contracts and offers to develop these customer relationships now.

Change in WC		Market Share in 2029 (Revenue)		
Change in WC % of Sales in 2029		**Bad**	**Base**	**Good**
		1%	**28%**	**50%**
Good	**5%**	$10	$135	$174
Base	**10%**	$5	**$10**	-$45
Bad	**15%**	$1	-$115	-$264

Figure 5: Change in WC & Market Share Sensitivity in DCF valuation.

In addition to customer diversification, CoreWeave must prioritize tighter working capital management. As the company scales, its long billing cycles and heavy upfront hardware investments have the potential to lock up significant cash in accounts receivable and prepaid assets, creating a drag on free cash flow. Sensitivity analysis shows that even modest improvements in working capital efficiency, such as reducing net working capital from 10% to 5% of sales, can raise equity valuation by over $200 per share. CoreWeave should aggressively pursue better vendor payment terms, improve billing and collections, and optimize prepaid expenditures. These operational shifts are not only financially material but also essential to supporting infrastructure expansion without relying excessively on additional debt or dilutive financing. Strong working capital discipline, paired with a more diversified and durable customer base, will better position CoreWeave to scale efficiently in a highly competitive landscape.

Word Count: 1262 words excluding in-text citations and figure captions

References

AWS Inferentia. (2025). Amazon Web Services, Inc. https://aws.amazon.com/ai/machine-learning/inferentia/

Bloomberg Professional Services. (2024). *Generative AI 2024 Report | Bloomberg Professional Services*. Bloomberg Professional Services; Bloomberg Finance L.P. https://www.bloomberg.com/professional/products/bloomberg-terminal/research/bloomberg-intelligence/download/generative-ai-2024-report/

Brown, W., & Filho, D. (2025). *CoreWeave Leads the Charge in AI Infrastructure Efficiency, with up to 20% Higher GPU Cluster Performance than Alternative Solutions | CoreWeave Blog | CoreWeave*. Coreweave.com. https://www.coreweave.com/blog/coreweave-leads-the-charge-in-ai-infrastructure-efficiency-with-up-to-20-higher-gpu-cluster-performance-than-alternative-solutions

Cai, K. (2024, April 11). *The AI 50 2023*. Forbes. https://www.forbes.com/lists/ai50/

CNBC. (2025). *U.S. 10 Year Treasury*. CNBC. https://www.cnbc.com/quotes/US10Y

Coherent Solutions. (2024, October 25). *AI Development Cost Estimation: Pricing Structure, ROI*. Coherent Solutions. https://www.coherentsolutions.com/insights/ai-development-cost-estimation-pricing-structure-roi

CoreWeave. (2025a). *Next-Gen Hyperscaler for AI Workloads | CoreWeave*. Coreweave.com; CoreWeave. https://www.coreweave.com/why-coreweave

CoreWeave. (2025b, March 10). *CoreWeave Announces Agreement with OpenAI to Deliver AI Infrastructure | CoreWeave Blog | CoreWeave*. Coreweave.com.

https://www.coreweave.com/blog/coreweave-announces-agreement-with-openai-to-deliver-ai-infrastructure

CoreWeave, Inc. Class A Common Stock (CRWV) Stock Price, News, Quote & History - Yahoo Finance. (2025). Yahoo Finance. https://finance.yahoo.com/quote/CRWV/?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAAAkV4TBF-P52XMGTUvP2KM-chQWU8hop1yhAB-IXC5WMo5c661uMRQmCG855pG210lI1uOtNfvSS8Id_jIebrEHtsePkXxaG70bbnQXM8UrGI8qJa26F1X5TU_1CuvjlTdnKT_0tCZaT40cwa1dPudZ4On96WpQ1CiTgKNhx8OsE

Damodaran, A. (n.d.). *Discounted Cash Flow Valuation*. Retrieved April 17, 2025, from https://pages.stern.nyu.edu/~adamodar/pdfiles/eqnotes/dcfallOld.pdf?utm_source=chatgpt.com

Delaware Tax Data Explorer. (2024, October 31). Tax Foundation. https://taxfoundation.org/location/delaware/#:~:text=Delaware%20has%20a%20graduated%20state,a%20state%20sales%20tax%20rate.

EIA sees higher U.S. wholesale power prices in 2025. (2025, January 27). *Reuters*. https://www.reuters.com/business/energy/eia-sees-higher-us-wholesale-power-prices-2025-2025-01-27/

Fortune Business Insights. (2025, March 31). *AI Infrastructure Market Size, Share | Growth Report [2032]*. Fortunebusinessinsights.com. https://www.fortunebusinessinsights.com/ai-infrastructure-market-110456

Gross Working Capital/Sales (%) | Accounting Ratio | GMT Research. (2025). Gmtresearch.com. https://www.gmtresearch.com/en/accounting-ratio/gross-working-capitalsales/?utm_source=chatgpt.com

Hjelm, M. (2021). *CoreWeave Becomes NVIDIA's First Elite Cloud Services Provider for Compute | CoreWeave Blog | CoreWeave*. Coreweave.com; CoreWeave. https://www.coreweave.com/blog/coreweave-becomes-nvidias-first-elite-cloud-services-provider-for-compute

Kachwala, Z., & Bajwa, A. (2025, January 13). Nvidia faces revenue threat from new U.S. AI chip export curbs, analysts say. *Reuters*. https://www.reuters.com/technology/artificial-intelligence/nvidia-says-new-rule-will-weaken-us-leadership-ai-2025-01-13/

Lee, V., Seshadri, P., O'Niell, C., Choudhary, A., Holstege, B., & Deutscher, S. A. (2025, January 20). *Breaking Barriers to Data Center Growth*. BCG Global; Boston Consulting Group. https://www.bcg.com/publications/2025/breaking-barriers-data-center-growth

McDade, A. (2025). *Nvidia, xAI to Join BlackRock and Microsoft's $30 Billion AI Infrastructure Fund*. Investopedia. https://www.investopedia.com/nvidia-xai-to-join-blackrock-microsoft-usd30-billion-ai-infrastructure-deal-11699581

Novet, J. (2025, March 28). *Nvidia-backed CoreWeave closes flat at $40 after biggest U.S. tech IPO since 2021*. CNBC. https://www.cnbc.com/2025/03/28/coreweave-starts-trading-on-nasdaq-at-per-share.html

Potkin, F., & Mo, L. (2025, April 16). Exclusive: Nvidia kept some China customers in the dark about new US chip clampdown, sources say. *Reuters*.

https://www.reuters.com/technology/nvidia-kept-some-china-customers-dark-about-new-us-chip-clampdown-sources-say-2025-04-16/

Renaissance Capital LLC. (2025, March 27). *AI-focused cloud computing provider CoreWeave prices downsized IPO at $40, well below the range*. Renaissance Capital; Renaissance Capital LLC. https://www.renaissancecapital.com/IPO-Center/News/110124/AI-focused-cloud-computing-provider-CoreWeave-prices-downsized-IPO-at-

S-1. (2025). Sec.gov. https://www.sec.gov/Archives/edgar/data/1769628/000119312525044231/d899798ds1.htm

Srivathsan, B., Sorel, M., & Sachdeva, P. (2024, October 29). *AI power: Expanding data center capacity to meet growing demand*. McKinsey & Company. https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/ai-power-expanding-data-center-capacity-to-meet-growing-demand

United States - Corporate - Taxes on corporate income. (2025). Pwc.com. https://taxsummaries.pwc.com/united-states/corporate/taxes-on-corporate-income#:~:text=The%20United%20States%20taxes%20resident,presence%20in%20the%20United%20States.

Venturo, B. (2025). *CoreWeave Becomes the First Cloud Provider with Generally Available NVIDIA GB200 NVL72 Instances | CoreWeave Blog | CoreWeave*. Coreweave.com; CoreWeave. https://www.coreweave.com/blog/coreweave-becomes-the-first-cloud-provider-with-generally-available-nvidia-gb200-nvl72-instances

Zitron, E. (2025, March 17). *CoreWeave Is A Time Bomb*. Ed Zitron's Where's Your Ed At; Ed Zitron's Where's Your Ed At. https://www.wheresyoured.at/core-incompetency/

Appendix A - DCF Assumptions

	2025	2026	2027	2028	2029
TAM	$151,780,680	$209,457,338	$289,051,127	$398,890,555	$550,468,966
Revenue	$9,635,928	$30,887,903	$68,163,082	$113,172,779	$154,063,469
Market share	6.35%	14.75%	23.58%	28.37%	27.99%
Revenue growth rate	403%	221%	121%	66%	36%
CapEx % of Sales	365.5%	276.6%	187.7%	98.9%	10%
CapEx decline	88.9%	88.9%	88.9%	88.9%	88.9%
Implied CapEx	$35,214,734	$85,432,642	$127,959,974	$111,886,127	$15,406,347
Change in NWC % of Sales	72%	57%	41%	26%	10%
Implied Change in NWC	$6,945,460	$17,469,916	$27,973,713	$28,881,349	$15,406,347

Table 1. Top-down Revenue Projection. CoreWeave operates in the fast-growing AI infrastructure market, which Bloomberg Intelligence estimates will grow from $79 billion in 2023 to $399 billion by 2028 (38% CAGR) according to their S-1. We model revenue growth declining from 737% in 2024, mirroring the prior year's deceleration from 1,346%, resulting in 36% growth in 2029, slightly below market growth. CapEx and change in working capital are reduced gradually, reaching 10% of sales by 2029, which aligns with industry norms for more stabilized infrastructure providers. Refer to the table in "Top Down Projection" sheet for more details.

	2024	2025	2026	2027	2028	2029
Revenue	$1,915,426	$9,635,928	$30,887,903	$68,163,082	$113,172,779	$154,063,469
COGS	$493,350	$2,481,894	$7,955,696	$17,556,542	$29,149,542	$39,681,623
Gross Profit	$1,422,076	$7,154,034	$22,932,207	$50,606,540	$84,023,237	$114,381,846
Operating Expenses	$1,097,718	5,522,287	17,701,653	39,063,812	64,858,573	88,292,757
Operating Income	$324,358	$1,631,747	$5,230,554	$11,542,728	$19,164,664	$26,089,089
Marginal Tax Rate	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%
Taxes	$90,408	$454,817	$1,457,912	$3,217,305	$5,341,767	$7,271,812
NOPAT	$233,950	$1,176,930	$3,772,641	$8,325,423	$13,822,897	$18,817,277
Depreciation	$863,413	3,697,391	11,638,165	26,001,185	42,583,394	51,988,001

Changes in NWC	$1,677,884	$6,945,460	$17,469,916	$27,973,713	$28,881,349	$15,406,347
CapEx	$8,702,078	35,214,734	85,432,642	127,959,974	111,886,127	15,406,347
Unlevered FCF	-$9,282,599	(37,285,872)	(87,491,751)	(121,607,079)	(84,361,184)	39,992,585

Table 2. Cash flows.

	2025	2026	2027	2028	2029
Net PPE	46,021,664	119,816,140	221,774,929	291,077,662	254,496,008
Gross PPE	50,684,286	136,116,928	264,076,902	375,963,029	391,369,376
Accumulated Depreciation	4,662,622	16,300,788	42,301,973	84,885,367	136,873,369
Total Depreciation Expense for that year	3,697,391	11,638,165	26,001,185	42,583,394	51,988,001
Incremental Depreciation	2,833,978	7,940,774	14,363,020	16,582,209	9,404,607
CapEx	35,214,734	85,432,642	127,959,974	111,886,127	15,406,347
Incremental Depreciation as % of average CapEx	13.74%	13.74%	13.74%	13.74%	13.74%

Table 3. Depreciation Estimation. We model incremental depreciation that would result from additional asset acquisitions as a percentage of a weighted average of that and the previous year's capital expenditures. Incremental Depreciation as % of average CapEx is kept constant from its 2024 value.

Weights		Share Price	Implied Asset Life	Depreciation as % of COGS + Operating Expense 2029	Reasonability
Last year	This year				
100%	0%	$712	4	75.19%	Depreciation % is still too high in 2029. The company is starting to mature, depreciation costs shouldn't account for the majority of COGS and Operating Expense combined. In addition, asset life may be too short.
95%	5%	$579	4	68.61%	
90%	10%	$467	5	63.11%	
85%	15%	$372	5	58.44%	
80%	20%	$290	5	54.43%	
75%	25%	$220	6	50.94%	
70%	30%	$158	6	47.88%	
65%	35%	$103	7	45.18%	
60%	40%	$54	7	42.78%	
55%	**45%**	**$10**	**7**	**40.62%**	**Median**

50%	50%	-$29	8	38.68%	
45%	55%	-$65	8	36.92%	
40%	60%	-$98	8	35.32%	
35%	65%	-$127	9	33.86%	The majority of assets start depreciating in the same fiscal year they're bought (short setup time + most purchase decisions are made at the beginning of the year). This would be fine if it weren't for the 9+ years of asset life, which implies the purchase of assets that require more setup time (longer-term infrastructure, etc). This creates a contradiction.
30%	70%	-$155	9	32.52%	
25%	75%	-$180	10	31.28%	
20%	80%	-$203	10	30.14%	
15%	85%	-$224	10	29.09%	
10%	90%	-$244	11	28.10%	
5%	95%	-$263	11	27.19%	
0%	100%	-$280	11	26.33%	

Table 4. Depreciation levels sensitivity. We could use last year's CapEx to model this year's incremental depreciation, since companies tend to make CapEx decisions later in the year when revenue projections are clearer. However, in CoreWeave's case, they purchase a lot of assets (GPUs, etc) that require less setup time and that depreciate rather quickly, so that assumption won't hold. Instead, we use a weighted average of this and last year's CapEx values to then estimate incremental depreciation levels (55% last year, 45% this year). Unreasonable scenarios are colored red. The median of the reasonable scenarios is in deep green and is used as a base case in the DCF analysis. Higher weights for last year's CapEx levels are deemed more likely than lower.

	2025	2026	2027	2028	2029
COGS + Operating Expense	$8,004,181	$25,657,349	$56,620,354	$94,008,115	$127,974,380
Depreciation as % of COGS + Operating Expense	46.19%	45.36%	45.92%	45.30%	40.62%
Implied asset life	7	7	7	7	7

Table 5. Sanity check for Depreciation levels. Depreciation was not separately accounted for in the income statement. Instead, it is embedded in COGS and Operating Expenses. Our estimated depreciation cost should not take up too much % of COGS+Operating Expense, as it wouldn't make sense as the company matures. CoreWeave spends on both short-term assets like GPUs (~3–5 years) and longer-term infrastructure like networking and facility improvements (~7–15 years), so the 7 years implied asset life looks reasonable.

Appendix B - Scenarios in Sensitivity Analysis

	2023	2024	2025	2026	2027	2028	2029
CapEx % of Sales	1285.5%	454.3%	161%	57%	20%	7%	3%
CapEx Ratio		35%					

Table 6. CapEx Good Case. Declines at a constant rate. CoreWeave transitions from aggressive infrastructure expansion to a more mature, asset-light operating model. By 2026, the company secures long-term GPU supply contracts, reduces reliance on owning physical infrastructure, and begins leveraging third-party colocation providers with capacity-sharing agreements. Improvements in hardware utilization and declining marginal cost per compute unit (due to better orchestration software and AI-specific optimizations) reduce the need for sustained CapEx. Additionally, greater pricing power allows CoreWeave to grow revenue faster than physical infrastructure spend, keeping CapEx low as a % of sales.

	2023	2024	2025	2026	2027	2028	2029
CapEx % of Sales	1285.5%	454.3%	373%	293%	212%	131%	50%

Table 7. CapEx Bad Case. Gradually declines to 50% in 2029. Due to competitive pressure and a lack of long-term GPU access agreements, CoreWeave is forced to continuously invest in the latest NVIDIA hardware to remain relevant. At the same time, it starts building its own data centers to reduce long-term lease expenses, which drives up CapEx in the short term. Revenue growth lags expectations due to delays in customer onboarding or lower-than-expected pricing, which keeps CapEx as a % of sales elevated. The company remains CapEx-intensive through 2029 as competitors catch up technologically, requiring sustained investment just to maintain positioning.

	2023	2024	2025	2026	2027	2028	2029
Market Share	0.29%	1.74%	11.39%	21.04%	30.70%	40.35%	50%

Table 8. Market Share Good Case. Gradually improves to 50% in 2029. CoreWeave transitions from aggressive infrastructure expansion to a more mature, asset-light operating model. By 2026, the company secures long-term GPU supply contracts, reduces reliance on owning physical infrastructure, and begins leveraging third-party colocation providers with capacity-sharing agreements. Improvements in hardware utilization and declining marginal cost per compute unit (due to better orchestration software and AI-specific optimizations) reduce the need for sustained CapEx. Additionally, greater pricing power allows CoreWeave to grow revenue faster than physical infrastructure spend, keeping CapEx low as a % of sales.

	2023	2024	2025	2026	2027	2028	2029
Market Share	0.29%	1.74%	11.39%	21.04%	30.70%	40.35%	50%

Table 9. Market Share Bad Case. Gradually declines to 1% in 2029. Hyperscalers like Microsoft, Google, and Amazon accelerate their internal AI data center buildouts and begin migrating workloads in-house, cutting CoreWeave off from key revenue streams. Despite initial speed advantages, CoreWeave fails to lock in sufficient long-term contracts with smaller players, and many startups consolidate or get absorbed into larger players with in-house compute. Competitors undercut on pricing, and GPU access becomes more commoditized by 2027. With no clear moat and mounting debt, CoreWeave's market relevance diminishes, stabilizing at a marginal share of global AI compute.

	2023	2024	2025	2026	2027	2028	2029
Change in NWC % of Sales	742.8%	87.6%	71%	55%	38%	22%	5%

Table 10. Change in WC Good Case. CoreWeave rapidly matures its financial operations, implementing disciplined billing and collections systems that minimize days sales outstanding (DSO). The company negotiates better payment terms with vendors and shifts away from large prepayments as it gains more credibility and purchasing power. Its customer base diversifies into smaller, contract-driven startups with more predictable usage, reducing cash locked in accounts receivable. Internally, CoreWeave develops improved forecasting tools to manage GPU and colocation provisioning, which lowers prepaid costs and stabilizes inventory-like expenditures. As a result, working capital needs decline sharply relative to sales.

	2023	2024	2025	2026	2027	2028	2029
Change in NWC % of Sales	742.8%	87.6%	73%	59%	44%	30%	15%

Table 11. Change in WC Bad Case. Despite revenue growth, CoreWeave continues to operate with inefficient billing cycles and extended payment terms for large customers like Microsoft. To stay competitive, it offers aggressive credit terms to new customers, tying up more capital in receivables. Operational complexity rises as the company expands globally, increasing prepaid infrastructure costs and exposing it to delays in customer onboarding. Additionally, reliance on high-cost infrastructure financing structures requires substantial upfront payments, keeping short-term asset levels high. These inefficiencies persist as management prioritizes scale over operational optimization, leading to sustained high working capital needs relative to sales.

Base Case Justifications

Market Share:

We modeled CoreWeave's market share to grow from 0.29% in 2023 to a peak of 28.37% in 2028, tapering slightly to 27.99% in 2029. This trajectory was derived by applying a constant decay in revenue growth rate (dropping by 55% annually), which yields a plausible scaling path for a first mover in a rapidly growing market. The growth mirrors their current customer momentum while recognizing increasing competition from hyperscalers building in-house infrastructure.

CapEx as a % of Sales:

CoreWeave’s CapEx-to-sales ratio starts at 1,285.5% in 2023 and gradually declines to 10% in 2029. While comparables like Snowflake operate with a 1.75% CapEx ratio, and DigitalOcean with ~30%, these businesses are either asset-light or much smaller in scale. CoreWeave’s infrastructure-heavy model and projected $154 billion in 2029 revenue demand a higher investment baseline. A floor of 10% is conservative yet realistic, acknowledging maturity while allowing for ongoing hardware refresh and scale capacity.

Change in NWC as a % of Sales:

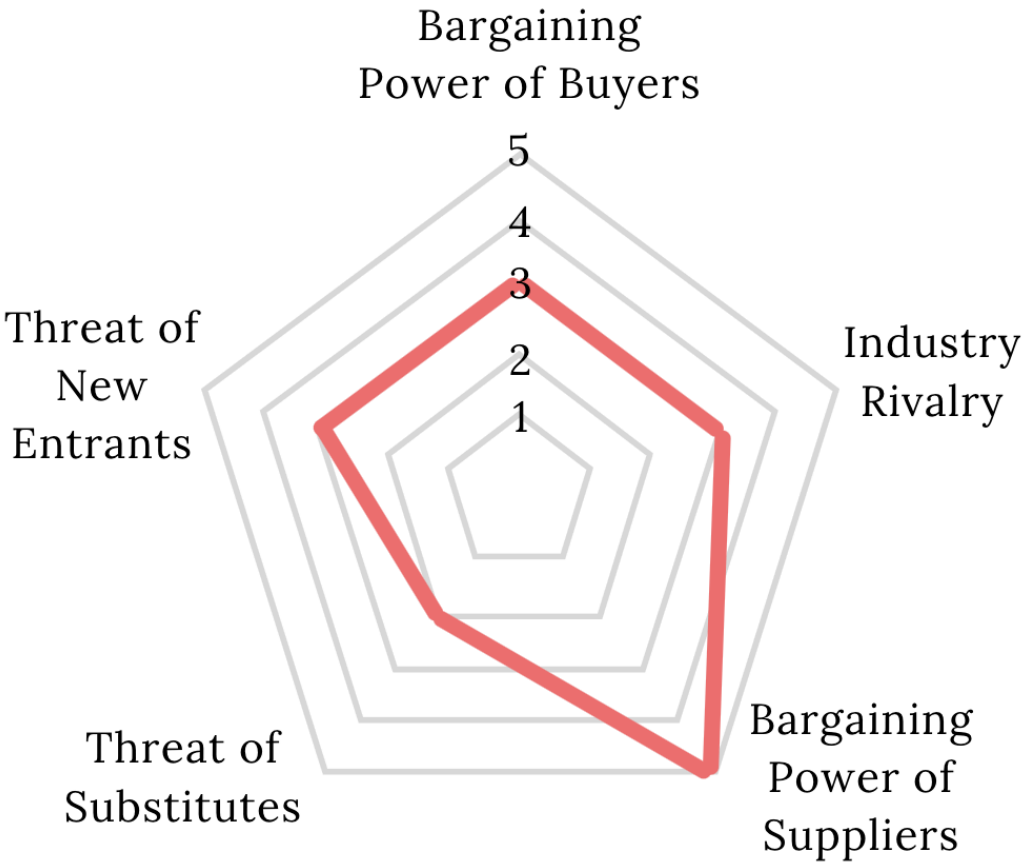
We gradually reduce the change in net working capital from 742.8% of sales in 2023 to 10% in 2029. This decline reflects expected improvements in operational efficiency—streamlined billing cycles, better vendor terms, and reduced prepayments—as CoreWeave matures. A 10% ratio is also in line with historical industry norms for large, capital-intensive businesses, as noted by GMT Research.

Appendix C - Porter's Five Forces

This figure evaluates CoreWeave's competitive positioning in the AI cloud infrastructure market. While high capital intensity and technical specialization limit new entrants, CoreWeave faces significant supplier power from Nvidia and growing competitive pressure from hyperscaler customers building their own infrastructure. Buyer dependence and emerging substitutes present moderate risks.

Force	Ranking	Reasoning
Threat of New Entrants	Medium	CoreWeave's 2024 value of PPE is $15 billion, spending $8.5 billion that year, indicating high barriers to entry from large capital and equipment needs. However, many of CoreWeave's current customers' demographic of AI and hyperscaler companies, like Microsoft and Amazon, are investing billions into their own cloud infrastructure and data centers (McDade, 2025).
Bargaining Power of Suppliers	High	Nvidia is the only supplier of the Hopper and Blackwell GPU chips that CoreWeave needs to operate (Venturo, 2025). This adds risk not only for sudden changes in input prices but also the risk of supply shortages from any disruptions in production and delivery on the part of the suppliers (S-1, 2025). Additionally, Nvidia now owns a stake in CoreWeave after purchasing shares for $40 per share in scaled-back offerings (Novet, 2025).
Bargaining Power of Buyers	Medium	The top two customers contributed 77% of CoreWeave's revenue in 2024, with Microsoft alone accounting for 62% (S-1, 2025). With many hyperscalers making large investments in AI-supportive infrastructure to cover demand (McDade, 2025), CoreWeave is acting as a temporary solution for hyperscalers' short-term overcapacity (Zitron, 2025). However, currently CoreWeave delivers 20% higher CPU cluster performance than competitors, and they are the first to market at scale with Nvidia's latest GPUs (CoreWeave, 2025a), so it is not as easy for customers to switch without experiencing pain points from slower computations.
Threat of Substitutes	Medium-Low	CoreWeave is differentiated by being a specialized cloud service provider partnered with Nvidia that operates faster for AI and machine learning companies (Hjelm, 2021). However, there are other, unspecialized, much slower cloud service providers that customers can switch to, including some internalized customers like Microsoft and Amazon, which contain their own data centers that do not currently meet their demand (Zitron, 2025). These include investments into custom AI chips, like Inferentia for Amazon, which are currently not as fast as Nvidia's chips offered by CoreWeave but are improving in capabilities (AWS Inferentia, 2025).
Industry Rivalry	Medium	Current rivals include hyperscaler customers' current infrastructure, and with plans for investment in datacenters and infrastructure, rivalry will

		intensify as companies such as Microsoft, Amazon, Alphabet, and IBM, rivalry will intensify in the GPU and cloud provider market (McDade, 2025).



Appendix D - SWOT Analysis

This SWOT analysis outlines CoreWeave's strategic position, highlighting its strong industry partnerships and AI-focused infrastructure, while identifying risks tied to customer concentration, debt, and rising competition from vertically integrated hyperscalers.

Strengths ● Strategic relationships with major market players, including Nvidia, Microsoft, and OpenAI, are helping CoreWeave gain industry recognition (CoreWeave, 2025b; Renaissance Capital LLC, 2025). ● CoreWeave is differentiated in the data center market by optimizing specifically for AI workload requirements to increase throughput for training and inference needs, with the capacity to deliver thousands of H100, H200, and GH200 GPUs at scale (Brown & Filho, 2025).	**Weaknesses** ● Overreliance on a few clients, like Microsoft, which accounts for 62% of CoreWeave's revenue in 2024 (S-1, 2025). ● CoreWeave is highly leveraged with debt service requirements of $941 million in 2024 (32% of net cash from operating activities). Collateral for this leverage includes the GPUs used to power data centers, but as new models are released frequently, older models of GPUs accelerate in depreciation and can increase requirements of debt service (S-1, 2025; Zitron, 2025).
Opportunities ● McKinsey's base case estimation for the CAGR of demand for data center capacity from 2023 to 2030 is 22%, with an optimistic 27% potential (Srivathsan et al., 2024). ● The generative AI and the large language model markets are expected to reach $1.3 trillion and $471 billion by 2032, boosting demand for data centers (Bloomberg Professional Services, 2024). ● Global demand for the data center sector is expected to grow at a 16% CAGR from 2023 to 2028, reaching 130 gigawatts (Lee et al., 2025).	**Threats** ● Higher power/energy demand from AI data centers, domestic manufacturing, and transportation electrification is expected to increase wholesale power prices by 7% in 2025 alone ("EIA Sees Higher U.S. Wholesale Power Prices in 2025," 2025). ● Export restrictions on AI chips were established under Biden's administration and maintained in Trump's administration policies related to geopolitical risk, seeing exports of chips limited to certain countries, like China (Potkin & Mo, 2025). Current major cloud providers, like CoreWeave's competitors Microsoft, Alphabet, and Amazon.com, are expected to benefit by bypassing licensing restrictions to establish data centers in countries affected by restrictions, increasing their market share (Kachwala & Bajwa, 2025). ● Many hyperscalars and CoreWeave's current clients are expanding their own infrastructure for vertical integration of offerings, reducing the need for CoreWeave's offerings (McDade, 2025).

Appendix E - CoreWeave's Potential Customers

This table approximates how much annual revenue CoreWeave could earn from leading U.S.-based AI startups by applying a 15% infrastructure spend assumption to each company's total funding, reflecting typical AI and LLM company technology infrastructure allocation, based on industry norms (Cai, 2024; Coherent Solutions, 2024). GPU hour estimates are included to validate the accuracy of assumed GPU types and usage levels across different workloads. Pricing is based on CoreWeave's public rates for each GPU type. The model suggests a potential annual revenue of $15.07 million across 20 companies, with a combined estimated GPU usage of 365,948 hours.

Company Name	Company Operations	Current Project Funding	Estimated Expense	Likely GPU	Implied GPU Hours
Runway	Video generation/editing	$545,000	$81,750	NVIDIA L40S	4,542
Pika	Text-to-video generation	$135,000	$20,250	NVIDIA L40S	1,125
ElevenLabs	AI voice synthesis	$281,000	$42,150	NVIDIA GH200	6,485
Coactive AI	Data Labeling	$44,000	$6,600	NVIDIA L40	660
Mistral AI	Open-weight LLMs	$1,100,000	$165,000	NVIDIA HGX H100	3,351
Anthropic	Enterprise AI assistants	$17,000,000	$2,550,000	NVIDIA HGX H200	50,555
OpenAI	General AI research and deployment	$63,920,000	$9,588,000	NVIDIA GB200 NVL72	228,286
Cohere	Enterprise-grade language models	$1,000,000	$150,000	NVIDIA HGX H100	3,046
Abridge	AI-powered medical transcription	$458,000	$68,700	NVIDIA GH200	10,569
Harvey	Legal AI assistant	$500,000	$75,000	NVIDIA HGX H100	1,523
Decagon	AI customer support agents	$100,000	$15,000	NVIDIA GH200	2,308
Perplexity AI	AI-powered search engine	$900,000	$135,000	NVIDIA HGX H100	2,742

Company Name	Company Operations	Current Project Funding	Estimated Expense	Likely GPU	Implied GPU Hours
Notion	AI-enhanced productivity tools	$330,000	$49,500	NVIDIA L40	4,950
Photoroom	AI photo editing	$64,000	$9,600	NVIDIA L40S	533
Synthesia	AI avatar and video generation	$330,000	$49,500	NVIDIA L40S	2,750
Figure AI	Humanoid robotics	$750,000	$112,500	NVIDIA HGX H100	2,285
Windsurf	AI-powered coding tool	$243,000	$36,450	NVIDIA HGX H100	740
World Labs	Spatial Intelligence	$292,000	$43,800	NVIDIA L40S	2,433
XAI	AI Model Developer	$12,130,000	$1,819,500	NVIDIA HGX H200	36,073
Writer	Enterprise generative AI software	$326,000	$48,900	NVIDIA HGX H100	993
		Total Revenue	$15,067,200	**Total GPU Hours**	365,948