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Hyperscalers: Capex vs Returns

April 2026

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Hyperscalers: Capex vs Returns

Hyperscalers (companies such as Amazon, Microsoft, and Google who provide infrastructure, networking, and storage necessary to support extreme computing demands) are reshaping the technology company's investment cycle, this time through an unprecedented surge in CAPEX driven by AI infrastructure build-out. For much of the past decade, tech company's investments delivered a compelling investment opportunity for Asset Managers: scale drove revenue growth, operating leverage followed, free cash flows expanded, and total shareholder returns increased with share buybacks and dividends. However, with increasing CAPEX requirements to meet the surging AI demand and investments made by these companies in AI infrastructure signaled a fundamental change in Asset Management world wherein Chief Investment Officers (CIOs) and Portfolio Managers (PMs) no longer view these companies through a simple growth lens and the core question they are asking now: **Does Rising CAPEX will still translate into superior and sustainable returns? Why is there increasing narrowing gap between billions of monies spent on chips / data centers and the incremental revenue generated? How will depreciation factored in, should we look at EBIT or EBITDA multiple going forward? What is the Payback period? Is the useful life (3-5years) of these hardware cause for recurring capex at same level i.e., how much more money to be spent annually just to replace rapidly aging AI hardware? Does the companies keeping the free cash flow (FCF) optically inflated using the finance lease for equipment as a medium? And whether the AI build out is creating or destroying shareholder value i.e., ROIC profiles?**

In this blog we will do a comprehensive analysis on investor and asset managers investment concerns within the technology sector, specifically addressing Magnificent 7 **(Mag 7). Companies at the Centre of this analysis are – Apple, Alphabet, Amazon, Microsoft, Meta, Nvidia, and Tesla.** The data across the magnificent seven tells a subtle but compelling story. **For most companies, rising CAPEX is not destroying value, it is building it.** However, the translation from CAPEX to returns is far from uniform, and two names, Tesla and Amazon, shows the inherent risk when CAPEX intensity accelerates without a proportional uplift in profitability.

1. Core Insights Delivered

1. The business model has structurally shifted. Hyperscalers are moving from capital light cloud services to a capital-intensive AI infrastructure model, reinvesting ~45–55% of revenue and ~60% of operating cash flow into long lived assets at peak build out. This is not cyclical; it's the new cost of competing at the AI frontier.

2. The cash flow squeeze is temporary. Free cash flow troughs in FY25–26 as capex peaks, but consensus expects a sharp rebound by FY27–28, with aggregate FCF well above FY23 levels if AI utilization and pricing track expectations.

3. Hidden leverage meaningfully raises risk. Hundreds of billions in leases and long-term power and purchase commitments function as quasi-debt. True leverage, WACC, and valuation risk are higher than headline metrics imply, and simple net-debt/EV ratios materially understate fixed-charge exposure.

4. Resilience varies across Hyperscalers. Google, Meta, and Microsoft can self-fund AI investment while sustaining high ROIC. Amazon and Tesla face tighter FCF and balance-sheet constraints and are more vulnerable if AI monetization disappoints.

5. Overbuilding is a risk, not a certainty. AI capex remains below past bubble levels relative to global GDP, and the productivity case is credible, with early labor-market support. That said, physical bottlenecks, competition, and pricing pressure mean the tension between early-cycle upside and localized overcapacity will dominate Hyperscaler equity debates for the rest of the decade.

2. Before starting with deep dive let us begin with the term “Hyperscalers.”

2.1 What is Hyperscaler?

Technology companies that run massive, globally distributed computing infrastructure which primarily includes large-scale data Centers packed with servers, storage, and networking, and rent that computing power to businesses and consumers over the internet. What distinguishes them from ordinary cloud providers is their ability to scale capacity up or down extremely quickly while keeping unit costs low. That combination of scale and efficiency is what made them so dominant.

These companies are in the middle of their capital regime shift. What we mean by that is the fundamental transformation in how the world’s largest technology companies (such as Amazon, Microsoft, Google etc.) are pivoting their spending, investment priorities, and infrastructure development from off the shelf hardware on building their general purpose cloud to a new regime of their own custom chips (see Google TPUs or Amazon’s Trainium or Microsoft Maia) and energy assets (power infrastructure) to move towards a vertically integrated AI centric infrastructure.

3. Revenue Growth: whether Capex creating top-line momentum

Together, Mag 7 generated about $2.24 Tn of revenue in FY25, a CAGR of ~11.5% over a 4-year period from $1.45 Tn in 2021. Consensus points to $2.57 Tn by FY26 and around $3.0 Tn by FY28, close to 15% CAGR over 5 years from $1.74 Tn in FY23. For all companies, except Tesla, revenue has continued to grow, and for AI-infrastructure group, the pace has re-accelerated.

Alphabet up from 9% in FY23 to 14% and then 15% in FY24-25; Meta revenue growth accelerated from 16% in FY23 to 22% in FY25; MSFT revenue recovered from modest 7% in FY23 to 16% in FY24 and sustained at 15% in FY25; AMZN revenue growth steady at 11-12% during FY24-25; NVIDIA revenue exploded +126% in FY24 and +114% in FY25 moderating to +65% in FY26; AAPL revenue recovered from -3% in FY23 to +2% in FY24 followed +6% in FY25; lastly its only TESLA wherein revenue decelerated from +19% in FY23 to +1% in FY24 and turned negative to -3% in FY25.

When you look at such staggering growth rates across Mag 7 (except Tesla), these are not companies that are struggling to grow, and the issue is not the top line; it is what is happening after the top line primarily driven by increased spending.

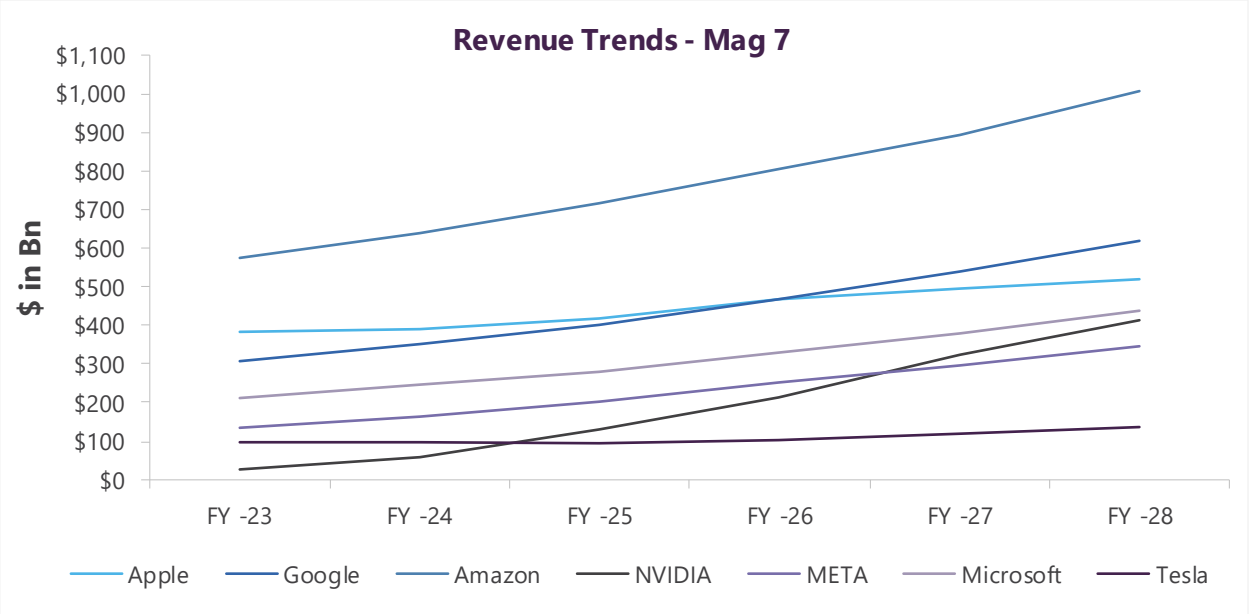


Figure 1: Revenue in $ Bn; Source: Refinitiv, Evalueserve

4. Capex Spend and Why Free Cash Flow Matters

Businesses today do not own or maintain their own servers. Instead, they rely on Hyperscalers, renting computing power, storage, and networking on demand - using it like a utility rather than owning as an asset. This is what referred as "The Cloud", and Amazon Web Services (AWS), Microsoft Cloud (Azure), and Google Cloud Platform (GCP) are the leading market players. This Cloud tale further got a boost in 2023 with AI infrastructure story. Cloud was no longer just a digital warehouse, and it has started to become a digital brain with Hyperscalers layering complex AI services directly on top of their existing cloud platforms. But this evolution came with a staggering price tag, which is part of what is driving the increased spending (Capex).

This massive surge in spending (Amazon, Alphabet, Meta, and Microsoft collectively deployed a combined ~$357 Bn in CAPEX in their latest fiscal years) led to a narrative shift among Asset Managers. Their major concern was around three important financial metrics – CAPEX, EBIT Margin, and FCF. While revenue is growing, it is not keeping pace with the cost of building the AI frontier. When CAPEX increases to a significant level, while revenue grows more slowly, it has resounding impact on margins and in turn FCF gets squeezed. For Asset Managers, this squeeze is what is concerning as this will impact on their total shareholding returns.

Let us have a look at Mag 7 Capex spending and how Asset Managers look at them with respect to their investments.

- **GOOG -** $91.4 Bn in FY25, nearly tripling from FY23 Capex of $32.3 Bn. Cloud + AI monetization offsetting Capex drag. FCF growing with clear demand signals, despite long payback period.
- **MSFT -** $64.6 Bn in FY25 (June ending), up from $28.1 Bn in FY23 (June ending). CY25 (Dec ending) capex of $83.1 Bn up from $55.5 Bn CY24 (Dec ending). Revenue and profitability driven by Azure AI buildout with robust margin expansion, CAPEX is return accretive while margin stable at 45% plus.
- **AMZN -** $131.8 Bn CAPEX in FY25, up 150% in 2 years from $52.7 Bn in FY23. AMZN investment in AWS infrastructure seems to be a long-term bet as evident from its margin and FCF compression highlighted in recent quarters.
- **META -** $69.7 Bn in FY25, up from $27.3 Bn in FY23. Its capex is invested into AI-driven recommendation engines and ad-targeting tools (Advantage+), which have significantly boosted ad revenue and engagement.
- **AAPL -** $12.7 Bn (only ~3% of revenue spent on physical assets), suggesting an asset-light model and Capex has never been the growth driver.
- **NVIDIA -** $6 Bn Capex in FY26 (a primary beneficiary of other infra spending). Superior returns without deploying heavy capex.
- **Tesla -** Capex cut to $8.5 Bn in FY25 from $11.3 Bn in FY24, signaling a pause in manufacturing expansion amid deteriorating margins. Capex primarily tied to EV (Electric Vehicle) and manufacturing capacity.

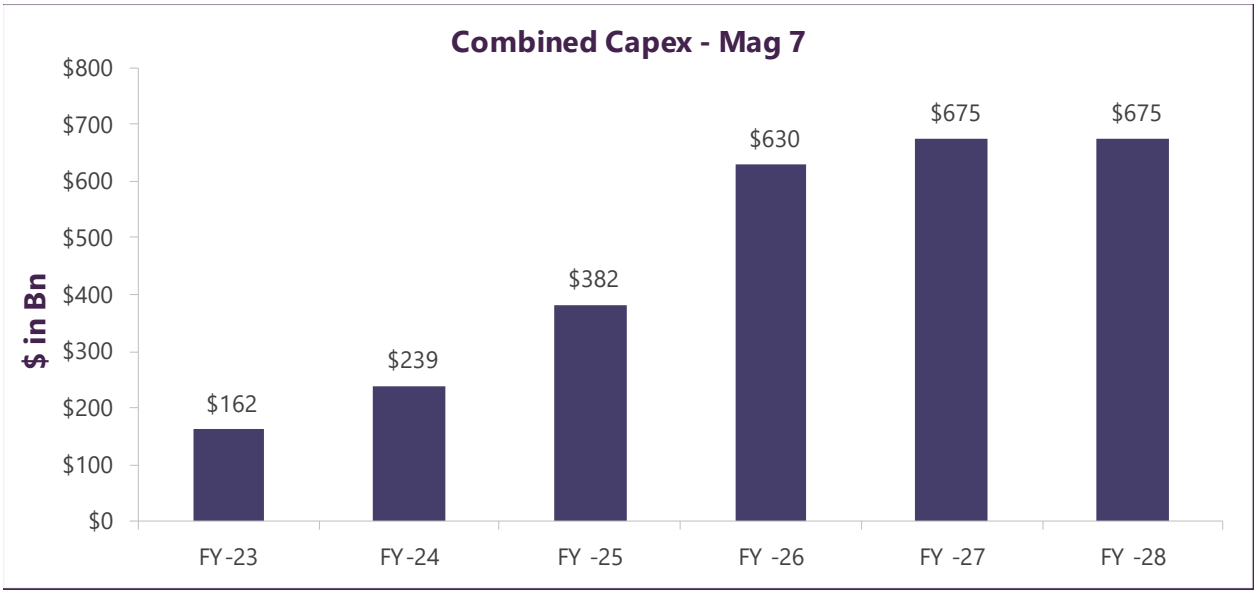


Figure 2: Capex in $ Bn; Source: Refinitiv, Evalueserve

For five of the Mag 7, rising Capex driving forward revenue and margin improvement was validated by latest results i.e., revenue acceleration is evident, operating margins are stable or expanding, and FCF is growing. The cautionary tales are Amazon (near-term FCF compression from aggressive CAPEX pace) and Tesla, where escalating capital spend has coincided with margin erosion and revenue stagnation. A reminder that CAPEX only creates value when deployed into structurally advantaged markets with pricing power.

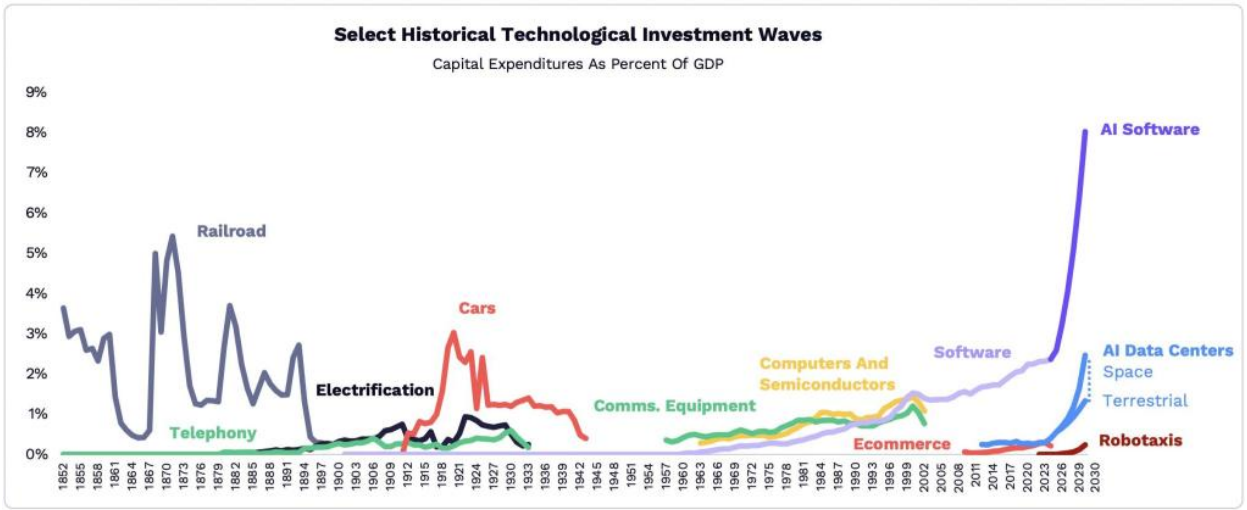
5. The AI Data-Centre Build-Out

5.1 From Cloud Services to AI Factory

In the classic cloud era, Capex was funded from rising operating cash flow, FCF margins expanded over time, and the model felt almost self-sustaining. Then generative AI arrived, and it changed the math dramatically.

Large AI models arrived that required vastly more computing, storage, and energy per unit of workload than traditional cloud applications. The infrastructure needed to train and run them is not just incrementally bigger, it is altogether a different category of investment. This is why, across macro and sector-level research, there is now broad consensus that we are in the early-to-mid phase of a multiyear AI infrastructure cycle. The largest technology and infrastructure players are already committing hundreds of billions of dollars a year to AI-linked data Centers, accelerators, networks, and power. **Current estimates place AI-related capex at under 1% of global GDP, below the 1.5%-plus peaks seen during earlier buildouts like late-1990s telecoms, which suggest the spending is material but not yet obviously at bubble levels.** Whether that changes is one of the big questions in asset manager's mind.

The World Is Entering An Unprecedented Technology Investment Cycle



Note: All Historical lines are US fixed asset annual gross investment as percent of US GDP and derived from the NIPA tables. "Ecommerce" signifies warehouse investments. Data center and Robotaxi are percent of global consensus global GDP derived from the IMF as of 12/31/2025. Space data center opportunity derived from SpaceX public statements. Historical investment cycle investment dollars are sourced from ARK Investment Management LLC, 2026, based on data from Ulmer 1960, International Monetary Fund 2025, and National Bureau of Economic Research 1958. In addition to those sources, certain information presented may be the result of ARK's internal analyses, which draw on various additional sources of information. For informational purposes only and should not be considered investment advice or a recommendation to buy, sell, or hold any particular security. Past performance is not indicative of future results. Forecasts are inherently limited and cannot be relied upon.

Figure 3: Infra Capex as a % of US GDP, Source: Ark Investment

5.2 How Fast is The Money Flowing?

The aggregate numbers are worth sitting with for a moment. **Sector-level estimates indicate that combined Hyperscaler infrastructure capex rose from $250–260 Bn in 2024 to about $440 Bn in 2025 and is heading into the $600-700 Bn range in 2026 (source: MUFG Americas), 75% of that 2026 figure is tied directly to AI-specific infrastructure — data Centers, chips (GPUs), high-speed**

networks, and specialized cooling systems. Moreover, a sizeable portion of 2026 estimates are allocated for energy independence.

At the company level, individual capex lines for leading platforms have risen from $30–50 Bn per year to somewhere in the $100–190 Bn range between FY23 and FY26, while Nvidia's capex has more than tripled off a smaller base. Capital-intensity ratios (total assets to revenue) have climbed into the mid-forties to mid-fifties as a share of revenue, meaning that 45–50 cents of every revenue dollar are now channeled back into capital spending. In peak years, 60–70% of operating cash flow is reinvested. That is double the share from a decade ago.

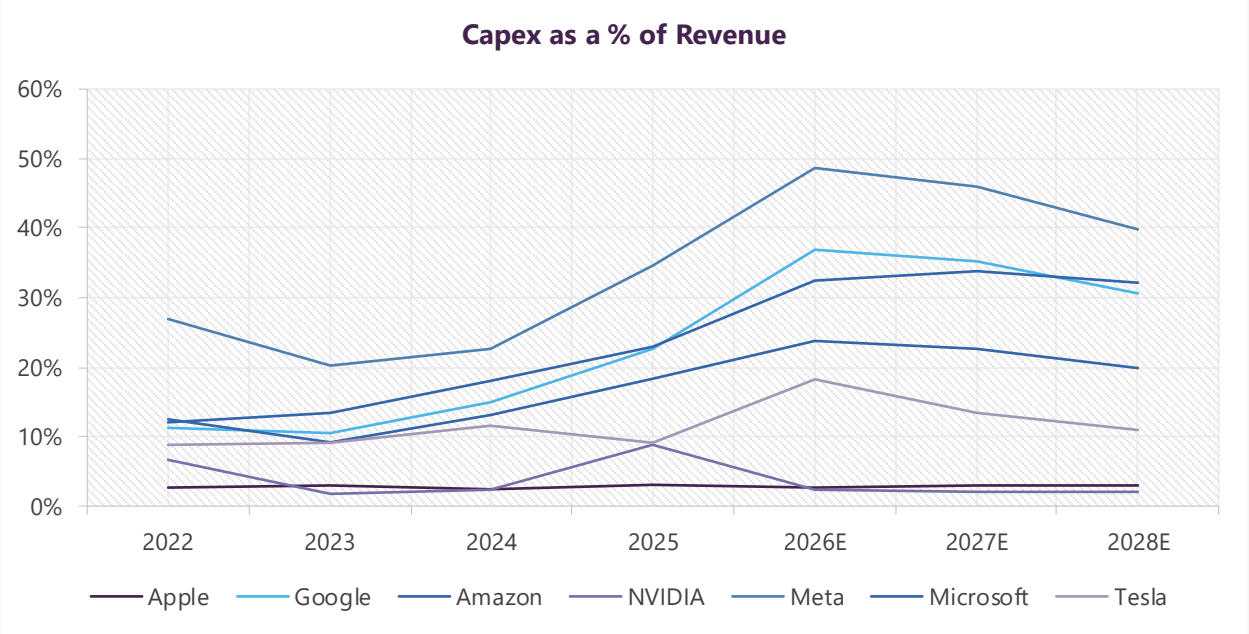


Figure3: Capex as % of revenue; Source: FactSet, Evalueserve

Put differently: the sector has moved from a regime in which capex comfortably trailed growth, to one in which capex growth is outrunning both revenue and operating cash flow. The implications for free cash flow and for the financial model that investors have been using to value these companies are significant.

5.3 What exactly is Built?

AI-specific capex spans into a no. of layers, each with its own economics and constraints:

- **Data Centers:** campuses designed for high-density compute, typically located near inexpensive, reliable power and water for cooling. These are not just bigger versions of existing facilities, they are optimized for AI workloads in ways that require substantial rethinking of power delivery, cooling architecture, and physical layout.
- **AI accelerators (GPUs and custom chips):** the processors that run AI workloads. Individual AI chips cost tens of thousands of dollars, and they are purchased in large clusters. Nvidia's H100/H200/B200/B300 and subsequent generations are the dominant products, though the major Hyperscalers are also developing their own custom silicon (Google TPUs, Amazon Trainium / Inferentia / Graviton, Microsoft Maia / Cobalt).

- **High-speed networks:** specialized interconnects and fibers to move huge volumes of data between servers and data centers with minimal latency. At the scale of modern AI training runs, network bandwidth is often the binding constraint.
- **Power infrastructure:** new grid connections, backup generation, and long-term power purchase agreements to secure multi-gigawatt capacity. Power availability is increasingly becoming roadblock on data-Centre expansion in many geographies.

On the power front, US data-Centre electricity use currently sits in the mid-single-digit share of national consumption and is projected to rise toward 7–9% by the end of the decade. Higher-case scenarios push into low double digits in the early 2030s if both traditional and AI loads grow at the upper end of forecasts. This is not just a financial issue; it is becoming a planning and regulatory one too.

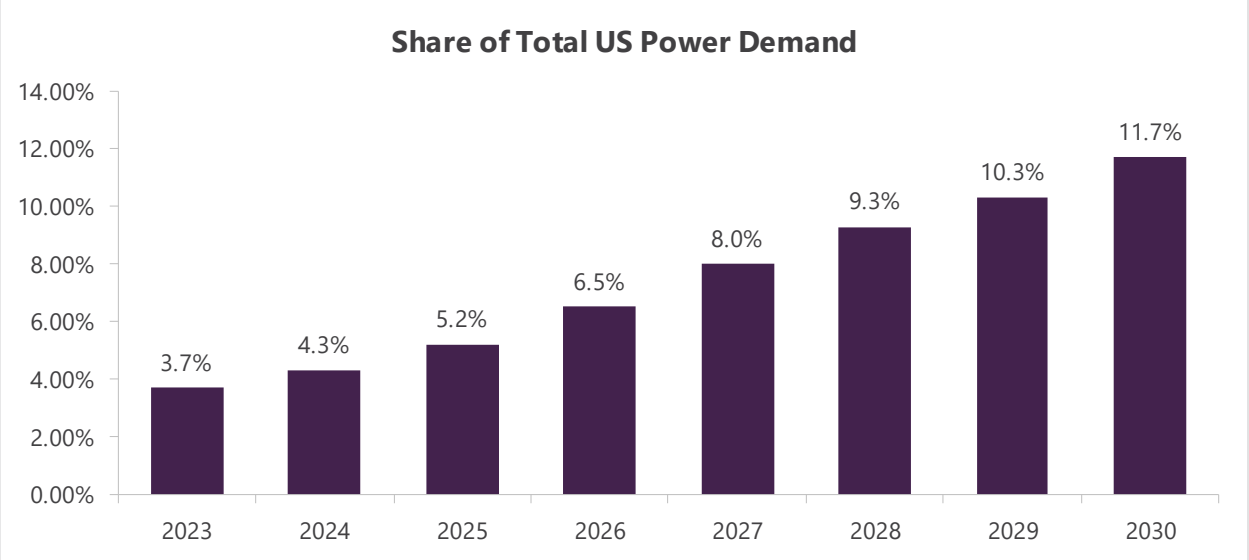


Figure 5: US Data Center Power Consumption Trends; Source: IEA, McKinsey & company

6. Free Cash Flow: A Mid-Cycle Squeeze

6.1 The Six-Year FCF Pattern

The FCF trajectory across FY23–28 is where the tension becomes most visible among Asset Managers. Aggregating across the Mag 7, FCF was about $316.6 Bn in FY23, rose to $376.6 Bn in FY24, and eased slightly to around $365.6 Bn in FY25 (Source: Company Documents and Evalueserve Research). In FY26, as the capex wave peaks and some platforms move into negative FCF, group FCF is projected heading to trough (for some companies it can fall to zero or negative unless EBIT accelerate rapidly), even though combined revenue continues to advance toward $2.6 Tn (Consensus Estimate).

From FY27 onwards, consensus estimates show a pronounced recovery. Group FCF expected to be up around $479 Bn in FY27 and $639 Bn in FY28, more than $300 Bn above FY23 levels and materially above the FY24 peak. **The shape, then, is a three-stage path: expansion in FY23–24, a capex-driven squeeze in FY25–26, and a rebound in FY27–28 as AI utilization and monetization are assumed to catch up with the investment.**

It is worth emphasizing that last phrase: "assumed to catch up." The FY27–28 rebound embedded in these projections is not a given. It reflects consensus expectations about AI-driven workloads, pricing, and efficiency gains materializing broadly as expected. If utilization or pricing disappoints, those projected recoveries in FCF and valuation multiples could be at risk.

Why The Mid-Cycle Squeeze Matters for Investors

The compression in FY25–26 means that growth at the sector level is no longer comfortably self-funded during the peak build-out years. Capex growth has overtaken both revenue and operating cash flow. For investors accustomed to a model in which these companies generated ever-increasing free cash while deploying modest capital, this is a genuine change in the financial character of the sector.

The practical implication is that the valuation case for Hyperscalers now depends more heavily on assumptions about the future. The legacy cloud business was predictable; the AI-infrastructure bet is not.

7. Funding The Spree: Cash, Bonds, Leases, And Power Contracts

7.1 Cash is Still Enormous but No Longer Sufficient

It is tempting to say these companies are rich enough to fund whatever they want, and there is something to that. Consolidated Mag 7 shows operating cash flows in the high-hundreds of billions of dollars per year, and several members maintain net-cash positions even after buybacks and regular bond issuance. Strong legacy franchises in hardware, search, software, e-commerce, and social advertising continue to generate substantial cash. **But the funding mix has changed.**

Long-dated Bonds

Recent analysis of AI-infrastructure financing shows the largest Hyperscalers raised roughly $120 Bn (~14% of High Grade Debt) of new debt in 2025 alone vs average $28 Bn (~3-4% of High Grade Debt) per year between 2020 and 2024 (Source: Reuters), much of it explicitly tied in management commentary to AI and data-Centre investments. A lot of this was issued at 20- or 30-year maturities (a rare 100-year century bond from Alphabet was issued as well in early 2026) to match the liabilities with the lifespan of infrastructure. Broader market estimates suggest that outstanding AI-linked corporate debt already runs into the low trillions of dollars and could climb further as the build-out continues.

Company	Issuance Amount (USD Bn)	Issuance Date	Key Purpose
META	30	OCT-25	Largest bond deal of the year; funded "Hyperion" data center and Liam 4 for training clusters
GOOG	25	NOV-25	Multi-currency offering (USD & Euro) to found TPU (Tensor of Processing Unit) scaling and GCP expansions
ORCL	18	SEP-25	Deducted to expanding Orcal Cloud infrastructure (OCI) for customers like OpenAI and XAI
AMZN	15	NOV-25	First U.S bond sale in three years; focused on AWS regional capacity and specialized AI hardware
MSFT	12	AUG-25	Strategic insurance to look in long term rates for AI global Azure AI supercomputing sites

Fig 6: Major Debt issuance to fund AI Infrastructure; Source: Evalueserve Research

This matters because it changes the character of the funding. Debt capital markets have become a structural pillar of the AI build-out and long-dated bonds at fixed rates mean that whatever returns these investments generate, a fixed portion of those cash flows is already apportioned for. **The fixed-charge burden now must be serviced from future AI-related revenues regardless of how technology evolves.**

Leases And Hidden Leverage

Beyond financial debt, Hyperscalers rely heavily on leases and long-term contracts that behave economically like leverage even when headline net-debt ratios appear conservative. Under modern accounting rules, large cloud and AI platforms report tens of billions of long-term lease liabilities each, covering data-Centre shells, equipment, offices, and logistics facilities. In several cases, discounted lease obligations are comparable to or larger than reported financial debt. Economically, this behaves like long-term secured debt, even though the cash outflows are not hitting the P&L in the current year.

Aggregating across the Magnificent Seven from public filings:

Company	FY	Operating Lease PV (USD Bn)	Finance Lease PV (USD Bn)	Total Lease PV (USD Bn)	Lease yet to be Commenced (USD Bn)	WT. Average Remaining period. (Yrs)	Discount Rate (%)
AMZN	Dec-25	107	15	122	20	NA	NA
MSFT	Jun-25	23	46	69	93	6.0	3.5%
META	Dec-25	25	1	26	34	12.3	3.6%
GOOG	Dec-25	16	3	18	59	NA	NA
APPL	Sep-25	12	1	14	1	9.8	3.4%
TSLA	Dec-25	6	0	7	1	NA	5.3%
NVIDA	Jan-26	3	0	3	23	NA	NA
Total (USD Bn)		**193**	**66**	**259**	**229**		

Fig 6: Magnificent 7 Operating and Financial Lease Commitments; Source: Evalueserve Research

7.2 Power Purchase Agreements and Grid Commitments

As AI workloads drive up electricity demand, Hyperscalers have also signed multi-gigawatt power-purchase agreements (PPAs) and long-dated grid-connection contracts in key US and European hubs. These arrangements, often with tenors of ten years or more and featuring fixed-price or volume-based commitments, sit alongside leases and bonds as additional quasi-debt obligations that must be serviced from future cash flows, again, regardless of how AI demands or pricing evolves.

What This Means for Leverage, WACC, And Valuation

Once the lease and contract is treated as debt-like capital, effective leverage is higher than simple debt-to-equity or net-debt-to-enterprise-value ratios suggest. Capitalizing the operating-lease obligations and finance-lease-style liabilities into invested capital would lower reported ROIC and compress terminal-value multiples.

Similarly, the true debt-to-total-capital ratio is higher once lease and contract commitments are included, which raises the weighted average cost of capital, particularly given the sector's reliance on

long-term, fixed-rate structures. For investors, this means that traditional valuation frameworks need to be adjusted to reflect a front-loaded, multi-decade fixed-charge profile that is understated in headline balance-sheet metrics. It is not that these companies are in financial trouble, but the risk embedded in their capital structures is larger than a quick look at net debt would suggest.

AI-Infrastructure Commitment Band

Metric / Source	Figure (USD, approximate)	Timeframe	Source
Hyperscaler capex in 2026	$602bn across Amazon, Microsoft, Alphabet, Meta, Oracle	2026	Introl (2026)
Share of capex tied to AI	~75%, i.e., ~$450bn AI-specific	2026	CreditSights (2025)
AI-infrastructure capex 2024–2030	Up to $5.2 trillion by 2030	2024–2030	McKinsey, 2025
Hyperscaler bond issuance in 2025	$121bn in US corporate bonds (five major Hyperscalers)	2025	M&G Research (2026)
AI-related corporate debt	$1.2tn outstanding; ~$1.5tn projected in near-term issuance	2025–early 2030s	Introl / MUFG-style analyses

8. Returns and Utilization: Is the Capex Wave Paying Off?

8.1 ROIC Trends Across the Magnificent Seven

The return on invested capital data tells a consistent story: the economics of these businesses are shifting as the capex wave builds. Not collapsing but shifting, and in a direction that matters for how these companies get valued.

NVIDIA's ROIC went from ~25% in FY23 to a near-unprecedented 106% in FY26 (Jan ending), a level almost unheard of among large-cap companies. Apple's ROIC has expanded steadily from 53% → 52% → 62% across FY23–25. Microsoft started the period with a stellar 29.7% ROIC in FY23 but declined to 27.7% in FY25. Meta's ROIC surged from 22.2% in FY23 to 28.8% in FY24 and saw a meaningful reversal to 22.4% in FY25. Alphabet held a remarkable steady ROIC growth from 23.1% in FY23 to 28.2% in FY24 further accelerating to 29.9% in FY25. Amazon's ROIC recovered from 9.6% in FY23 to 14.9% in FY24, going further up to 15.3% in FY25. While Tesla is the only company with consistent deteriorating ROIC profile 23.5% → 8.4% → 3.3% across FY23–25. Note: ROIC defined as NOPAT (Net Operating After Taxes) divided by Average Invested Capital (i.e. Debt + Equity)

If viewed alongside the 6-year FCF path i.e., rising from $316.6 Bn in FY23 to $376.6 Bn in FY24, dipping through $366.6 Bn in FY25 and reaching trough in FY26, then recovering in FY27 and FY28, the picture is consistent. The sector remains highly profitable in absolute terms and, in the base case, ends the period with more free cash flow than it started with. **But incremental dollars of capital are clearly earning lower returns than the legacy base business, especially during the FY24–26 surge.**

The Case for Caution and What Overbuilding Actually Means

A more cautious view does not require AI to fail. **It only assumes what if outcomes on utilization, pricing, and cost of capital are not delivered.**

Power-market and regulatory constraints around grid connections, generation capacity, water, and land (particularly in North American and European hubs) could delay projects or push builds into more expensive, less convenient locations, reducing achievable returns. These are not hypothetical risks; they are already causing project delays in several markets.

At the same time, enterprise AI monetization may prove uneven and more competitive than the headlines imply. Multiple clouds and chip vendors are chasing the same workloads, and that competition tends to compress unit economics. In a world where utilization ramps more slowly than expected, the incremental dollar of capex, financed with 30-year bonds and 10–15-year leases and power contracts, could earn much lower returns than the legacy base. That would put the projected FY27–28 FCF rebound at risk.

9. Who Can Keep Spending, and Who Is Stretched?

9.1 A Clear Split in Financial Resilience

Not all Hyperscalers are in the same position, and the ROIC and FCF data make this split clear. **Google, Meta, and Microsoft clear winners despite doing heavy lifting in Capex at the same time maintaining ROIC in the +20s with robust positive free cash flow after AI-related capex and lease-style obligations, supported by strong core franchises in advertising, productivity software, and cloud**.

In contrast, Amazon and Tesla see free cash flow turn negative or barely positive in the FY25–26 window as capex absorbs most of their operating cash flow before a projected recovery in FY27–28.

Apple and Nvidia sit in a distinct category. Both sustain extremely high ROIC but with different cash-flow dynamics. Apple's FCF remains strong and rising, helped by comparatively lower AI-specific capex and a mature hardware-and-services franchise. Nvidia's FCF is consistent and high performing, driven by AI spend surge by others.

What This Means in Practice

Hyperscalers are making big investments early because they believe AI could be a once-in-a-generation technology shift. The current surge in spending mostly lines up with optimistic expectations for AI demand and massive, trillion-dollar infrastructure needs. However, the scale and way this money is being spent are raising concerns. **Companies are spending record levels of cash relative to what they earn, taking on longer-term debt, and locking themselves into large lease and power commitments. Because of this, the risk of building too much too fast and seeing lower returns on these investments has become a core central issue, not a side concern, in the Hyperscaler investment story.**

For investors and Asset Managers, the key question over the next three years is whether to distinguish between platforms that can comfortably bridge the FY24–26 squeeze and emerge with stronger FCF and ROIC in FY27–28, versus those where capex, leases, and fixed obligations already consume so much of the cash-flow buffer that even a modest shortfall in AI monetization could force a reset of capex plans or a re-rating of equity valuations.

9.1.1 How Evalueserve Can Help?

Evalueserve enables buy-side investors and asset managers to gain clear, investment-relevant insights into companies through deep analysis of business models, value drivers, and financials. We deliver robust financial models, disciplined assumptions, appropriate valuation frameworks, fair value estimates, free cash flow projections, and shareholder return analysis.

Our sector-agnostic team of domain experts supports clients across technology, data centers, semiconductors, and power markets, leveraging GenAI-enabled research and advanced financial modeling. We help investors assess AI-driven capex cycles, cash flow durability, and the impact of long-dated debt, leases, and power commitments on true leverage and returns.

By anchoring company disclosures and using scenario-based valuation, Evalueserve helps identify companies that can absorb near-term cash flow pressure while sustaining attractive ROIC — enabling smarter capital allocation in an uncertain, AI-led infrastructure cycle.

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