L U G A N O   F I N A N C I A L   A D V I S O R S   S A

AI &
the Capex-Revenue Ledger

Capex vs. Revenues · Estimates 2023–2027

LUGANO · ZURICH · SION · SWITZERLAND

JULY 2026

THE LEDGER, SEVEN ENTRIES

Seven entries in the same ledger: what is spent, what it earns, how the two square up, what each incremental dollar costs, what the market is quietly demanding from the next print, what growth it has already priced in, and what it means for positioning.

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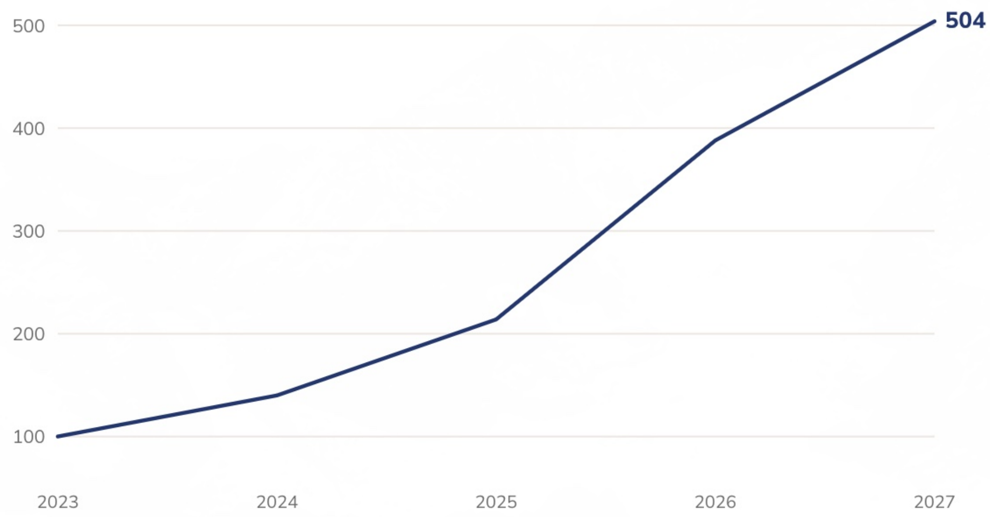
I · THE OUTLAY

CAPEX IS SET TO RUN AT FIVE TIMES ITS 2023 LEVEL

SYNTHETIC CAPEX INDEX, 2023 = 100



$223bn
2023 aggregate AI capex

$1.08tn
2027E aggregate AI capex

+81%
peak YoY growth, 2026

+30%
YoY growth, 2027E — the deceleration

WHAT IT SHOWS

Aggregate AI capex across the 47-name universe, rebased to a synthetic index (2023 = 100, the starting point).

WHY IT MATTERS

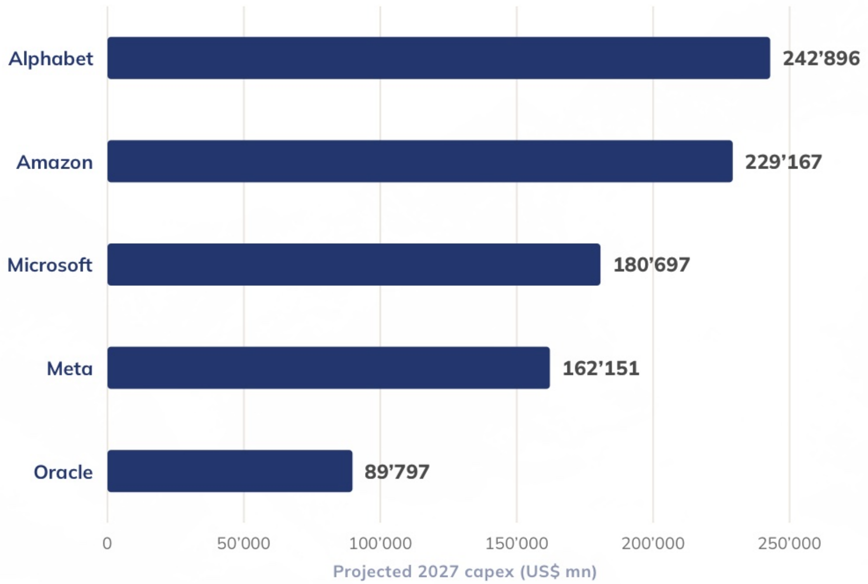
The build is set to run at roughly five times its 2023 level by 2027E — but the pace peaks in 2026 (+81% YoY) and decelerates sharply to +30% into 2027E.

Source: LFG+ZEST proprietary model, Bloomberg consensus estimates, 47-name AI-exposed universe.

I · THE OUTLAY

FIVE BALANCE SHEETS CARRY MOST OF THE BUILD-OUT

PROJECTED 2027 CAPEX BY COMPANY (US$ MN)



84%

of the universe's projected 2027 capex sits with these five hyperscalers

FASTEST 2023–27 CAGR

Oracle 76.5% · Alphabet 66.5% · Microsoft 60.9%

A handful of balance sheets absorb the bulk of the free cash flow at risk in this cycle.

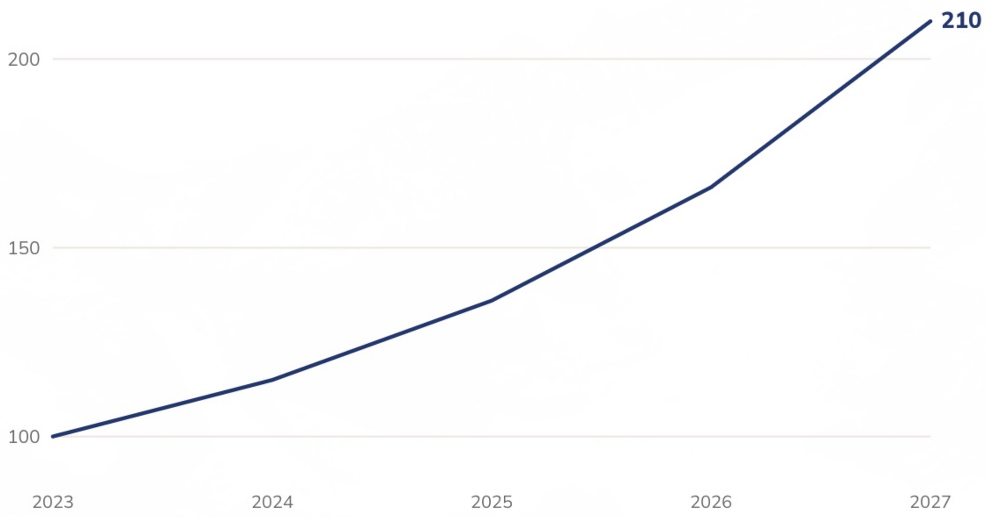
Projected capex figures are consensus estimates, not guaranteed outcomes. Sustained spending at these rates increases execution risk and pressures free cash flow, particularly if revenue growth does not keep pace (see Part III–IV).

Source: LFG+ZEST proprietary model, Bloomberg consensus estimates.

II · THE RETURN

REVENUE GROWTH IS ACCELERATING, BUT FROM A WIDER BASE

SYNTHETIC REVENUE INDEX, 2023 = 100



$3.94tn
projected 2027 AI-linked revenue, up from $1.87tn in 2023

WHAT IT SHOWS

Aggregate AI-linked revenue across the universe, rebased (2023 = 100).

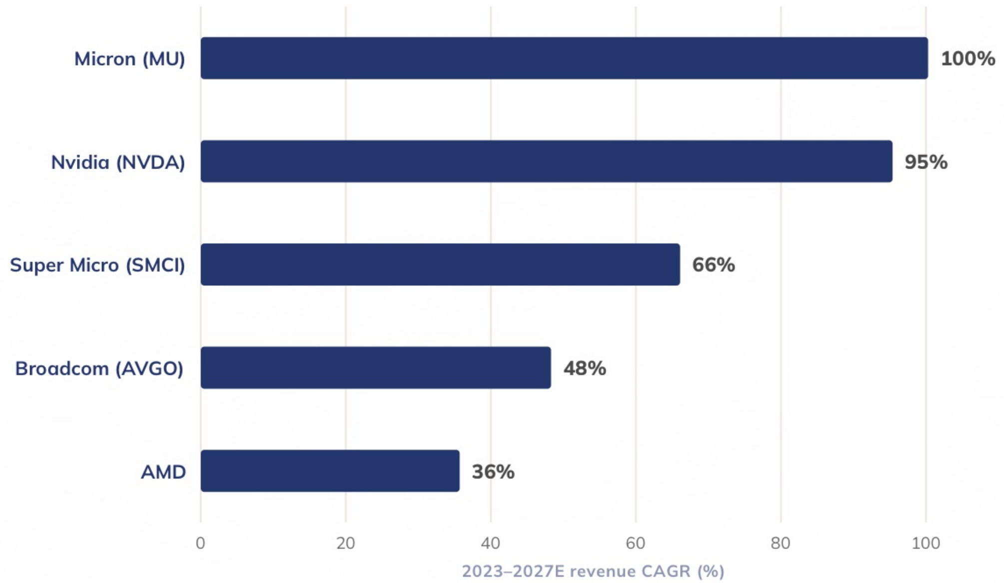
WHY IT MATTERS

Unlike capex, revenue growth has not yet shown a deceleration — 2027E is the fastest year in the series.

Source: LFG+ZEST proprietary model, Bloomberg consensus estimates, 47-name AI-exposed universe.

II · THE RETURN

THE FASTEST GROWTH SITS WITH THE SUPPLIERS, NOT THE SPENDERS



WHAT IT SHOWS

Top-5 names by projected 2023–2027E revenue CAGR. Micron and Nvidia both exceed 95%, reflecting AI memory and accelerator demand.

WHY IT MATTERS

The hyperscalers spend; the chip and hardware supply chain monetizes fastest. The capex-to-revenue transmission runs through a narrow set of suppliers before it reaches the broader market.

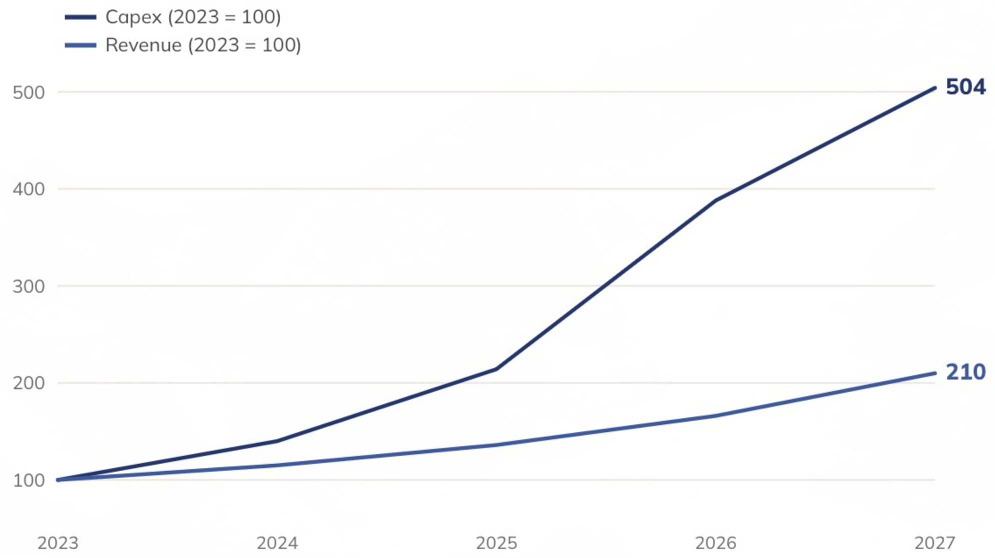
These figures reflect consensus revenue estimates and are subject to change; semiconductor and hardware demand has historically been cyclical.

Source: LFG+ZEST proprietary model, Bloomberg consensus estimates.

III · THE BALANCE

SPEND HAS OUTRUN MONETIZATION BY A FACTOR OF TWO

CAPEX AND REVENUE REBASED TO 2023 = 100



504
capex index (2023 = 100)

210
revenue index (2023 = 100)

WHAT IT SHOWS

Both series rebased to a common base year — the vertical distance between the two lines is the drift.

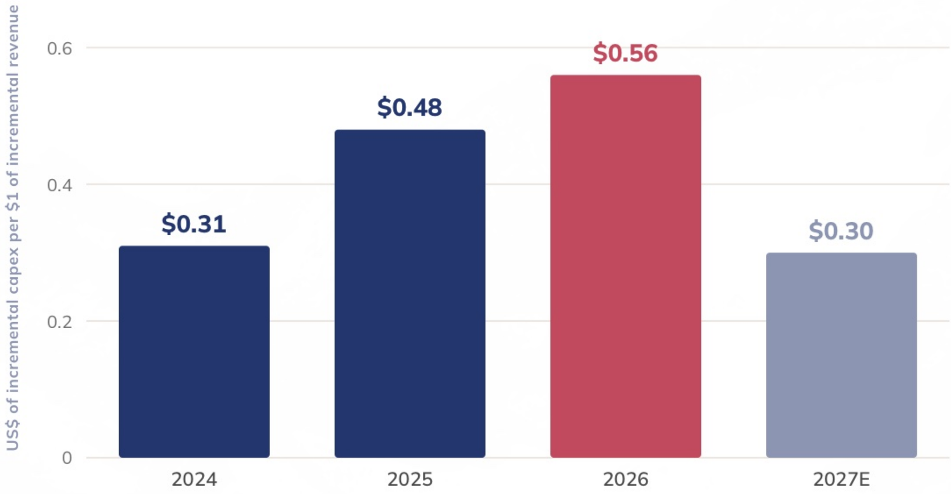
2.4× WIDER

Capex has grown roughly 2.4 times faster than revenue since 2023 on this indexed basis — the gap widened every year through 2026.

Source: LFG+ZEST proprietary model, Bloomberg consensus estimates. Indices rebased to 2023 = 100.

IV · THE EXCHANGE RATE

MARGINAL CAPITAL INTENSITY PEAKS IN 2026, THEN REVERSES



WHAT IT SHOWS

Marginal capital intensity: dollars of incremental capex per $1 of incremental revenue, by year.

THE INFLECTION

2024–26: each dollar of new revenue got more expensive to buy. 2027E: consensus assumes it gets markedly cheaper again — a second-derivative inflection.

Source: LFG+ZEST proprietary model. Ratio = year-over-year change in aggregate capex / year-over-year change in aggregate revenue.

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IV · THE EXCHANGE RATE

THE 2027 TURN IS A FORECAST, NOT YET A FACT

01 **Capex growth decelerates**
from +81% (2026) to +30% (2027E) — the model's largest single-year deceleration.

\+ **Revenue growth accelerates**
to +27%, its fastest pace in the series, even as spending growth halves.

= **Intensity ratio falls**
the marginal-intensity ratio drops as sharply as the model shows — only if both hold.

WHY THIS MATTERS FOR POSITIONING. 2027E figures are consensus estimates, furthest from actuals and most exposed to revision. If capex growth does not decelerate as projected, the ratio stays elevated — continued FCF pressure at the hyperscaler level. If revenue disappoints instead, the same ratio deteriorates from the other side. Either miss reopens the gap described in Part III rather than closing it.

Source: LFG+ZEST proprietary model, Bloomberg consensus estimates. 2027E figures are consensus estimates.

V · THE BOTTOM LINE

THREE TAKEAWAYS FROM THE LEDGER

01 **Concentration risk is structural**

Five balance sheets drive ~84% of projected 2027 capex. Their capital-allocation discipline — not the AI theme broadly — is the swing factor for the sector's cash-flow profile.

02 **Monetization is real but has not caught up**

Revenue is compounding and accelerating, but on this indexed measure it remains roughly half the pace of capex growth since 2023. The gap has not closed yet.

03 **2027 is the estimate to watch, not to trust blindly**

The projected easing in marginal capital intensity rests on two things happening together — a sharp capex deceleration and a revenue acceleration. Track both against actuals as the year unfolds.

Source: LFG+ZEST proprietary model, Bloomberg consensus estimates. 2027E figures are consensus estimates.

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VI · THE WHISPER NUMBER

BEATING CONSENSUS NO LONGER GUARANTEES A RALLY

+6%	~52%	16	10 of 16
operating-profit beat	**Samsung operating margin**	**quarters beaten**	**still sold off**
vs. consensus	memory division est. ~80%	operating-profit beats since 2019	beats followed by a share decline

WHAT HAPPENED ON THE PRINT

Samsung's profit surge was driven almost entirely by higher DRAM and NAND pricing on AI demand, not by shipment growth — and shares had more than doubled year-to-date. A 6% beat, however strong in isolation, was not enough to sustain that premium; the same beat-then-sell-off pattern repeated on July 7, 2026.

WHY THIS MATTERS BEYOND KOREA

If hyperscaler capex decelerates as the consensus in Part IV assumes, memory and AI-hardware pricing power — the engine behind this margin surge — comes under the same pressure. For suppliers like Micron, Broadcom, AMD and Nvidia, a beat versus the published consensus may not be the number that matters if the market has quietly priced in something higher.

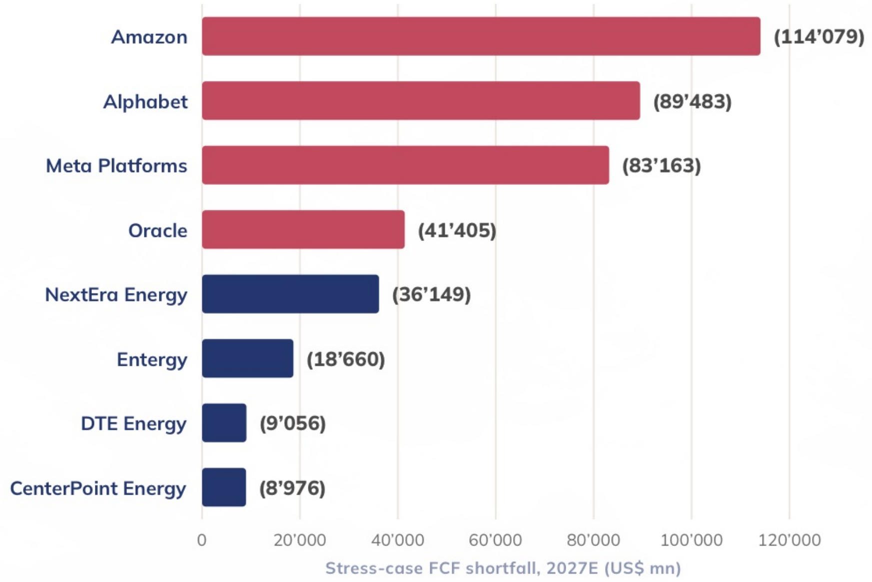
Source: Bloomberg News & Research, July 6–7 2026 (Samsung Electronics 2Q26 preliminary results). Analysis and framing by LFG+ZEST.

VII · THE CUSHION & THE GROWTH PRICED IN

FIFTEEN NAMES WOULD CUT BUYBACK TO ZERO AND STILL FALL SHORT

If capex keeps growing at the 2026 peak rate (+81% YoY) into 2027 instead of decelerating — i.e. the growth rate stays flat, not the spending level — stress-case FCF cannot cover investment even before any capital return.

FREE CASH FLOW SHORTFALL IF CAPEX 2027 KEEPS GROWING AT 2026'S RATE



15 of 47

names show negative stress-case FCF and negative buyback capacity at once — a cash shortfall even at zero buyback

WHAT IT SHOWS

Worst 8 of 15 flagged names by shortfall magnitude; hyperscaler capex leaders in crimson.

TWO STORIES, ONE CONCLUSION

4 names are hyperscaler capex leaders (Amazon, Alphabet, Meta, Oracle) with active buyback programs that would need to stop entirely. 11 names are AI-power utilities building out grid capacity, already paying dividends with little or no buyback to begin with.

Source: LFG+ZEST analysis on Bloomberg data (BEST_ESTIMATE_FCF, BEST_CAPEX, CF_DVD_PAID), July 2026; 47-name database. Stress case: 2027E capex grown off 2026E at the same +81% YoY rate as 2026. Not investment advice.

Conclusions: The Ledger Closes Wide Open

01 **The spend is concentrated.** Five balance sheets carry roughly 84% of the universe's projected 2027 capex; capital discipline at Alphabet, Amazon, Microsoft, Meta and Oracle is the swing factor for the whole cohort.

02 **The return is real, but behind.** Revenue has compounded every year since 2023, yet the rebased index sits at 210 against a capex index of 504 — monetization has not caught up with the spend.

03 **The exchange rate is turning, on paper.** Marginal capital intensity rises from \$0.31 to \$0.56 through 2026, then is projected to fall to \$0.30 in 2027 — a reversal that requires capex to decelerate and revenue to accelerate at the same time.

04 **The 2027 estimate is the one to track.** It is the furthest from actuals and the most exposed to revision — watch it against reported numbers rather than treating it as settled.

The ledger still balances in the model's favour — but the margin for error narrows the moment the 2027 assumptions are tested against reality.

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