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US S ctors

0: Raising estimate ger n-t apex, preview NVDA , MRVL

Estimate Change

AI DC TAM now $1.4Tn by CY30E vs. $1.2Tn prior

Given exceptionally strong CY26 cloud capex outlook (demand, see report) and latest CoWoS/HBM output (supply) estimates, ahead of key AI vendor (NVDA, AVGO, MRVL) earnings we update our CY30 AI data center systems TAM outlook to ~$1.4Tn AI DC vs. ~$1.2Tn prior, revise near-/medium-term company ests (higher AI, less non-AI on constraints), and preview their upcoming JanQ earnings. Importantly, we continue to expect overall data center systems TAM to accelerate in CY26, growing +64% YoY (in-line with cloud capex growth est. of ~60% YoY), with AI systems growing even faster at ~100% YoY driven by new AI accelerator deployments. Particularly, we see limited impact for AI/DC vendors from the ongoing supply constraints, as the vast majority of the CY26 HBM (+75% YoY) and CoWoS supplies (+70% YoY) had already been allocated and secured throughout last year. Furthermore, we expect these accelerator vendors to generally pass on their rising HBM/DDR costs to customers, maintaining margins as scale and system sales increase. Overall, we expect continued strong demand environment for key AI vendors ahead of JanQ earnings. Beyond CY26, we expect mgmt focus on CY27 demand visibility, margin outlook (given rising GPU/XPU mix), and customized products for AI inference (load vs. prefill vs. decode – see related AI inference primer here).

See conservative 25-30% capex intensity over time

Overall, our new ~$1.4Tn AI DC systems TAM is in-line with our projected CY30E global AI capex of ~$1.4Tn. This assumes top 5 US hyperscalers generate ~$1.7Tn in total sales by CY30E (per cons.), and at a conservative CY25 ~27% capex intensity, they could conceptually spend ~$880bn/yr in capex by CY30E. We highlight this is just ~5% CAGR capex growth off CY26's $715bn at ~38% intensity. Lastly, we assume top 5 US hyperscalers make up 60-70% of overall spend, i.e. total global capex est. of ~$1.4Tn.

NVDA: visibility into $0.5Tn+ sales through CY26

Even excluding GOOGL (who has TPU exposure), CY26 cloud capex is expected to increase ~45% YoY, or +$180bn. If we assume 2/3 of this spend goes toward servers, we see an increase of ~$120bn of potential compute chip sales in the year, in-line with our new NVDA outlook of +$110bn increase in data center compute sales (includes ~$5-10bn CPUs), with the remaining $10-20bn split across AMD and non-TPU ASICs.

AVGO: TPU beneficiary, ASIC competition so far limited

On the back of strong GOOGL capex outlook in CY26 (up ~100% YoY or ~$90bn), we expect a healthy ramp of TPUv7 throughout the year, including the upcoming F2H26 TPU-based racks for Anthropic. Questions remain around TPUv8 competition vs. MediaTek, but we believe at least 75-80% of overall TPU units to remain at AVGO (v8p). Meta/Microsoft/OpenAI/Apple/etc. potential deals all remain incremental.

MRVL: l-t visibility TBD, adjusting ests post-XConn close

We expect healthy Trn3 and 800G/1.6T optics ramps throughout FY27 (CY26), but visibility into next-gen Trn4 (C2H26) and Maia-2 (CY27) could be limited until further out. MRVL also closed its XConn acquisition on Feb-11. We accordingly adjust model.

Refer to important disclosures on page 18 to 22. Analyst Certification on page 17. Price Objective Basis/Risk on page 17.

13 February 2026

Equity
United States
Semiconductors

Vivek Arya
Research Analyst
BofAS
vivek.arya@bofa.com

Duksan Jang
Research Analyst
BofAS
duksan.jang@bofa.com

Michael Mani
Research Analyst
BofAS
michael.mani@bofa.com

Liam Pharr
Research Analyst
BofAS
liam.pharr@bofa.com

See Exhibit 13 for NVDA estimate change details

See Glossary on p. 16

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AI 2030 TAM Outlook Update

Of the overall global IT spend of ~$5.5tn today, we believe **data center systems** to represent $430bn across both AI and non-AI. By CY30, we expect TAM to grow toward ~$1.6Tn, growing at +30% CAGR CY25-30 and outpacing overall IT spend at +8% CAGR.

For **AI data center systems** specifically, we see TAM growing to ~$1.4Tn by CY30 from $258bn in CY25, with AI servers representing 75-80% of TAM at $1.1Tn, followed by networking at 15-20% of TAM at $245bn, and storage at ~5% of TAM at $65bn.

- Within AI servers, we see **AI accelerators** to represent ~$1Tn TAM by CY30 from just $120bn in CY24 and $189bn in CY25, or the vast majority of server spend.

For **non-AI data center systems**, we see TAM to grow very modestly over time.

Exhibit 1: We see AI Data Center Systems TAM to reach ~$1.4Tn by CY30, +40% CAGR, with AI accelerators representing ~$1Tn within that
Data Center Systems TAM Breakout – AI vs. non-AI

TAM ($bn)	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	CAGR '25-'30
Overall IT Spend (1)	**$4,594.2**	**$4,693.0**	**$5,038.7**	**$5,540.4**	**$6,084.1**	**$6,554.0**	**$7,062.8**	**$7,597.3**	**$8,205.1**	**8%**
Data Center Systems TAM ($bn) (2)	**$227.1**	**$237.6**	**$333.5**	**$430.2**	**$705.5**	**$965.8**	**$1,224.3**	**$1,429.0**	**$1,577.8**	**30%**
YoY (%)		5%	40%	29%	64%	37%	27%	17%	10%	
AI Data Center Systems TAM ($bn)	**$21.5**	**$61.2**	**$156.4**	**$258.1**	**$518.5**	**$769.7**	**$1,029.2**	**$1,229.7**	**$1,374.1**	**40%**
YoY (%)		185%	155%	65%	101%	48%	34%	19%	12%	
AI % of Overall IT Spend (1)	0.5%	1.3%	3.1%	4.7%	8.5%	11.7%	14.6%	16.2%	16.7%	
AI % of Data Center Systems TAM (2)	9.5%	25.8%	46.9%	60.0%	73.5%	79.7%	84.1%	86.1%	87.1%	
AI Servers	**$17.6**	**$50.3**	**$133.1**	**$210.6**	**$414.2**	**$610.2**	**$808.8**	**$958.8**	**$1,063.5**	**38%**
AI CPUs	$2.4	$2.9	$6.5	$11.9	$21.7	$24.9	$29.1	$35.3	$41.9	29%
AI Accelerators	**$14.3**	**$45.0**	**$120.2**	**$188.7**	**$373.5**	**$558.4**	**$745.5**	**$884.9**	**$980.7**	**39%**
HBM	$1.6	$4.2	$17.4	$34.5	$59.9	$78.6	$93.0	$110.3	$126.6	30%
HBM (% of Accelerators)	*11%*	*9%*	*14%*	*18%*	*16%*	*14%*	*12%*	*12%*	*13%*	
Other (DDR/SSD/motherboard/power/etc.)	$0.8	$2.4	$6.3	$10.0	$19.0	$26.8	$34.1	$38.6	$40.9	32%
AI Networking	**$2.8**	**$7.7**	**$15.1**	**$34.0**	**$78.4**	**$122.9**	**$171.5**	**$212.4**	**$245.2**	**48%**
AI Switching (Back/Front-End)	$0.8	$1.0	$3.9	$12.9	$31.4	$51.6	$75.4	$97.7	$117.7	56%
AI SmartNIC	$0.9	$2.0	$3.3	$4.8	$15.7	$23.3	$30.9	$36.1	$41.7	54%
AI Connectivity/Other Networking	$1.1	$4.6	$7.9	$16.3	$31.4	$47.9	$65.2	$78.6	$85.8	39%
AI Storage	**$1.1**	**$3.2**	**$8.2**	**$13.5**	**$25.9**	**$36.7**	**$49.0**	**$58.6**	**$65.4**	**37%**
Non-AI Data Center TAM ($bn)	**$205.6**	**$176.3**	**$177.1**	**$172.1**	**$187.1**	**$196.1**	**$195.1**	**$199.3**	**$203.7**	**3%**
YoY (%)		-14%	0%	-3%	9%	5%	-1%	2%	2%	

Source: BofA Global Research estimates, Gartner, Mercury Research, IDC, LightCounting, 650 Group

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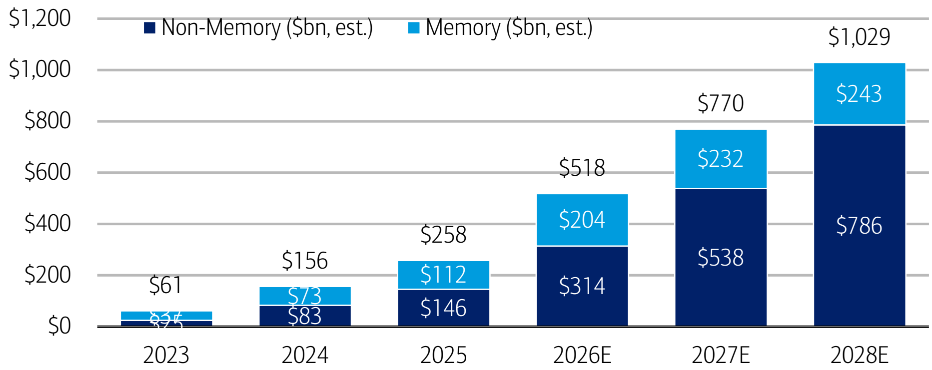
Exhibit 2: Non-memory portion of AI data center systems is still growing faster than memory portion
AI Data Center Systems TAM: Non-memory vs. Memory estimate



Source: BofA Global Research estimates, Gartner, Mercury Research, IDC, LightCounting, 650 Group

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Path to ~$1.4Tn in CY30 Capex

We remain bullish on AI capex and examine some key investor concerns re durability, returns, beneficiaries and (overstated) hazards of vendor financing. We expect annual investments to nearly triple between CY25-30E to ~$1.4Tn, constrained only by ability to scale buildings and power. Four key drivers: 1) Upgrading trad. infrastructure to accelerated computing; 2) Protecting existing moats in search, social, ecommerce, cloud services from being disrupted by likes of OpenAI, xAI, neoclouds; 3) Sovereign builds-outs; and 4) Steady enterprise adoption of AI productivity tools.

A conceptual model that shows the path to ~$1.4Tn in CY30 capex is discussed below. We start with CY25E consensus sales, capex and capex intensity from the top 5 large US hyperscalers. In CY25, these companies spent ~$448bn of capex at a 27% intensity to generate $1.7Tn in total sales. We then use consensus CY30E projected sales, and do scenario analysis with 25-30% capex intensity, and assume US top 5 will contribute 60-70% of global capex (the rest contributed by sovereign, foreign hyperscalers, neoclouds, and enterprise). The result is around ~**$1.4Tn in projected CY30E capex**, or nearly a tripling from CY25 levels.

The data below also suggests this capex (~27% intensity) is supported by cash flows (35%+ cash flow from ops margins) of well capitalized spenders with a competitive, mission critical need to invest in their infrastructure. We expect capex intensity could increase perhaps towards 30% as companies spend more on capex to save on opex.

Exhibit 3: CY25 capex can be well supported by op. cash flows of top 5 hyperscale vendors
Sales, Capex, CFO of top 5 US hyperscalers

	CY25E					
	Sales ($bn)	**CFO ($bn)**	**CFO%**	**Capex ($bn)**	**Capex Intensity**	**FCF Margins**
Google	$403	$165	41%	$91	23%	18.2%
Microsoft	$305	$161	53%	$118	39%	13.9%
Amazon	$717	$140	19%	$132	18%	1.1%
Meta	$201	$116	58%	$71	35%	22.3%
Oracle	$61	$22	37%	$35	58%	-21.6%
Total	**$1,687**	**$603**	**36%**	**$448**	**27%**	**9.2%**

Source: BofA Global Research estimates, Bloomberg

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Exhibit 4: CY30E AI capex could reach ~$1.4 Tn
Scenario analysis to generate CY30 capex based on consensus top 5 hyperscaler sales

	CY30E	
Top 5 US Hyperscale Sales ($bn)	$3,205	
Capex Intensity	25%	30%
Implied US Cloud Capex ($bn) (A)	**$801**	**$962**
Top 5 US Cloud Contribution (%, est.)	70%	60%
Implied Other Capex ($bn) (neoclouds, sovereigns, enterprises, non-US, etc.) (B)	**$343**	**$641**
Other Contribution (%, est.)	30%	40%
Implied Global Capex ($bn) (A+B)	**$1,145**	**$1,603**
Average ($bn)	**$1,374 (~$1.4Tn)**	

Source: BofA Global Research estimates, Bloomberg

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Exhibit 5: CY30E US hyperscaler sales could grow at +14.4% CAGR
Consensus sales for top 5 US hyperscale vendors (table)

	CY25E ($bn)	CY30E ($bn)	CAGR
Google	$403	$672	10.8%
Microsoft	$305	$644	16.1%
Amazon	$717	$1,209	11.0%
Meta	$201	$435	16.7%
Oracle	$61	$244	32.0%
Total	**$1,633**	**$3,205**	**14.4%**

Source: BofA Global Research estimates, Bloomberg

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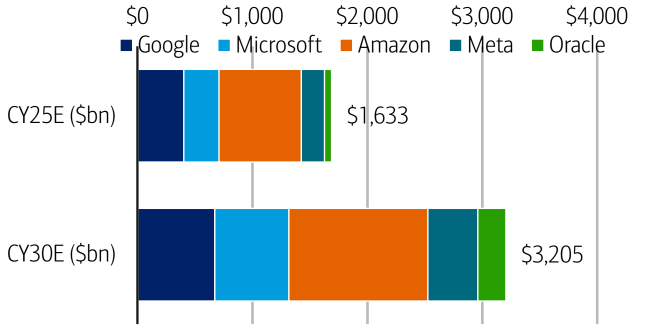
Exhibit 6: CY30E US hyperscaler sales expected to reach ~$3.2tn
Consensus sales for top 5 US hyperscale vendors (chart)



Source: BofA Global Research estimates, Bloomberg

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Cloud/Carrier Capex Overview

Exhibit 7: Consensus/BofA aggregate projections suggest capex across major cloud vendors can grow +56%/+16% YoY in CY26/27E
Summary of Cloud Capex Outlook (incl. leases)

CapEx ($mn)	C1Q25	C2Q25	C3Q25	C4Q25	C1Q26E	C2Q26E	C3Q26E	C4Q26E	2023	2024	2025	2026E	2027E	2028E
Top 5 US	**82,419**	**104,919**	**121,279**	**139,046**	**154,649**	**170,691**	**190,987**	**198,705**	**161,255**	**261,106**	**447,663**	**715,032**	**833,229**	**874,161**
Google	17,197	22,446	23,953	27,851	36,781	41,271	51,863	51,632	32,251	52,535	91,447	181,547	205,876	228,382
Microsoft (incl. leases)	21,400	24,200	34,900	37,500	35,167	37,635	38,416	39,716	41,200	75,600	118,000	150,934	169,304	182,167
Amazon (incl. leases)	25,019	32,183	35,095	39,522	42,000	47,000	55,000	57,000	52,729	82,999	131,819	201,000	238,000	235,144
Meta (incl. leases)	12,941	17,010	18,829	22,140	26,575	29,604	32,302	35,923	28,140	39,227	70,920	124,404	153,023	153,300
Oracle	5,862	9,080	8,502	12,033	14,126	15,181	13,407	14,434	6,935	10,745	35,477	57,147	67,027	75,169
Top China	**6,277**	**7,447**	**8,497**	**8,602**	**7,125**	**7,675**	**8,978**	**9,564**	**7,910**	**18,825**	**30,823**	**33,342**	**35,426**	**34,600**
Alibaba	3,084	4,806	5,281	4,167	3,461	5,030	5,584	4,876	3,006	9,456	17,338	18,950	19,279	17,293
Tencent	2,934	2,268	2,797	3,900	3,371	2,232	2,968	4,177	3,344	8,077	11,898	12,749	14,436	15,528
Baidu	260	373	419	535	293	413	426	510	1,561	1,292	1,588	1,642	1,711	1,779
Total	**88,696**	**112,366**	**129,776**	**147,648**	**161,775**	**178,366**	**199,965**	**208,268**	**169,165**	**279,931**	**478,486**	**748,374**	**868,655**	**908,762**
NVDA/AMD/AVGO/MRVL DC	**48,631**	**51,047**	**63,574**	**74,734**	**82,215**	**92,386**	**106,221**	**113,720**	**61,534**	**145,965**	**237,985**	**394,542**	**534,733**	**633,902**
YoY %														
Top 5 US	**67.1%**	**71.8%**	**80.5%**	**66.5%**	**87.6%**	**62.7%**	**57.5%**	**42.9%**	**(0.6%)**	**61.9%**	**71.4%**	**59.7%**	**16.5%**	**4.9%**
Google	43.2%	70.2%	83.4%	95.1%	113.9%	83.9%	116.5%	85.4%	2.4%	62.9%	74.1%	98.5%	13.4%	10.9%
Microsoft (incl. leases)	52.9%	27.4%	74.5%	65.9%	64.3%	55.5%	10.1%	5.9%	45.1%	83.5%	56.1%	27.9%	12.2%	7.6%
Amazon (incl. leases)	67.6%	82.7%	55.2%	42.0%	67.9%	46.0%	56.7%	44.2%	(17.2%)	57.4%	58.8%	52.5%	18.4%	(1.2%)
Meta (incl. leases)	92.7%	100.8%	104.7%	49.2%	105.4%	74.0%	71.6%	62.3%	(12.2%)	39.4%	80.8%	75.4%	23.0%	0.2%
Oracle	250.2%	224.5%	269.2%	203.1%	141.0%	67.2%	57.7%	20.0%	3.8%	54.9%	230.2%	61.1%	17.3%	12.1%
Top China	**64.5%**	**130.1%**	**38.6%**	**52.4%**	**13.5%**	**3.1%**	**5.7%**	**11.2%**	**(15.9%)**	**138.0%**	**63.7%**	**8.2%**	**6.3%**	**(2.3%)**
Alibaba	99.6%	188.9%	43.4%	62.4%	12.2%	4.7%	5.7%	17.0%	(45.3%)	214.6%	83.4%	9.3%	1.7%	(10.3%)
Tencent	47.5%	88.9%	30.0%	42.5%	14.9%	(1.6%)	6.1%	7.1%	23.7%	141.6%	47.3%	7.2%	13.2%	7.6%
Baidu	(7.9%)	0.3%	41.3%	57.0%	12.8%	10.6%	1.8%	(4.8%)	28.3%	(17.2%)	22.9%	3.5%	4.2%	4.0%
Total	**66.9%**	**74.7%**	**77.0%**	**65.6%**	**82.4%**	**58.7%**	**54.1%**	**41.1%**	**(1.4%)**	**65.5%**	**70.9%**	**56.4%**	**16.1%**	**4.6%**
NVDA/AMD/AVGO/MRVL DC	**69.3%**	**53.9%**	**62.3%**	**66.4%**	**69.1%**	**81.0%**	**67.1%**	**52.2%**	**135.9%**	**137.2%**	**63.0%**	**65.8%**	**35.5%**	**18.5%**
Cap. intensity (%)														
Top 5 US	**22.1%**	**26.0%**	**28.4%**	**28.7%**	**36.8%**	**37.9%**	**40.3%**	**37.1%**	**12.4%**	**17.8%**	**26.5%**	**38.0%**	**38.4%**	**34.6%**
Google	19.1%	23.3%	23.4%	24.5%	40.5%	42.7%	50.6%	45.8%	10.5%	15.0%	22.7%	45.1%	43.9%	43.3%
Microsoft (incl. leases)	30.5%	31.7%	44.9%	46.1%	43.2%	42.9%	43.0%	42.4%	18.1%	28.9%	38.6%	42.9%	41.5%	38.1%
Amazon (incl. leases)	16.1%	19.2%	19.5%	18.5%	23.8%	25.0%	27.3%	24.1%	9.2%	13.0%	18.4%	25.1%	26.6%	23.3%
Meta (incl. leases)	30.6%	35.8%	36.7%	37.0%	48.5%	49.9%	51.6%	49.4%	20.9%	23.8%	35.3%	49.9%	51.9%	43.5%
Oracle	41.5%	57.1%	57.0%	74.9%	83.7%	79.6%	72.0%	70.1%	13.4%	19.6%	58.1%	76.0%	65.4%	48.3%
Top China	**10.2%**	**11.6%**	**12.9%**	**11.5%**	**10.3%**	**10.4%**	**12.0%**	**11.6%**	**3.4%**	**7.6%**	**11.6%**	**11.1%**	**10.7%**	**9.4%**
Alibaba	9.5%	14.0%	15.3%	9.9%	9.7%	12.6%	14.1%	10.5%	2.3%	6.9%	12.1%	11.7%	10.8%	8.5%
Tencent	11.9%	8.9%	10.4%	13.9%	11.7%	7.6%	9.7%	13.6%	3.9%	8.8%	11.3%	10.7%	11.1%	11.0%
Baidu	5.8%	8.3%	9.6%	11.4%	6.4%	8.6%	8.9%	10.0%	8.2%	7.0%	8.8%	8.5%	7.6%	7.2%
Total	**20.4%**	**24.0%**	**26.4%**	**26.4%**	**33.0%**	**34.0%**	**36.4%**	**33.7%**	**11.0%**	**16.3%**	**24.5%**	**34.3%**	**34.8%**	**31.4%**
NVDA/AMD/AVGO/MRVL DC	**54.8%**	**45.4%**	**49.0%**	**50.6%**	**50.8%**	**51.8%**	**53.1%**	**54.6%**	**36.4%**	**52.1%**	**49.7%**	**52.7%**	**61.6%**	**69.8%**

Source: Company reports, BofA Global Research estimates, Bloomberg

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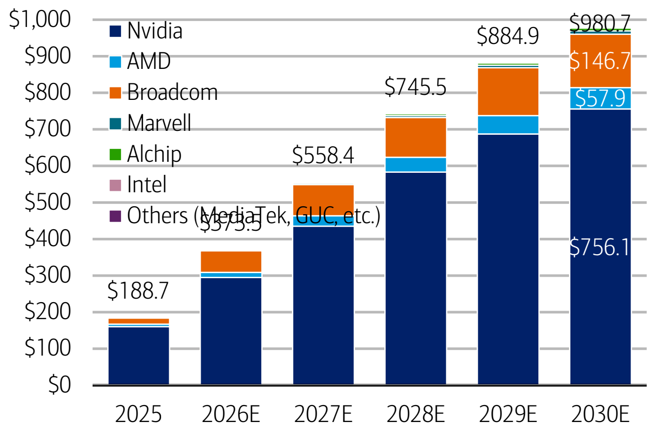
Content & GW Analysis

Below, we highlight CY30E AI accelerator TAM outlook of ~$1Tn by each vendor: 1) sales power, 2) accelerator content per GW (excluding CPU, networking, etc.), and 3) # of GWs potentially deployed.

Overall, we see $33bn of potential NVDA GPU content/GW by CY30E (~$40bn with CPU, networking, etc.) with AMD/AVGO accelerator potential content of ~$20-23bn/GW ($23-25bn with CPU/networking).

Exhibit 8: We see NVDA GPU sales potential power of $756bn in CY30E, across ~23GW of capacity at ~$33bn per GW (excl. networking)
AI Buildout Outlook by Accelerator Sales Potential ($bn)



Source: BofA Global Research estimates

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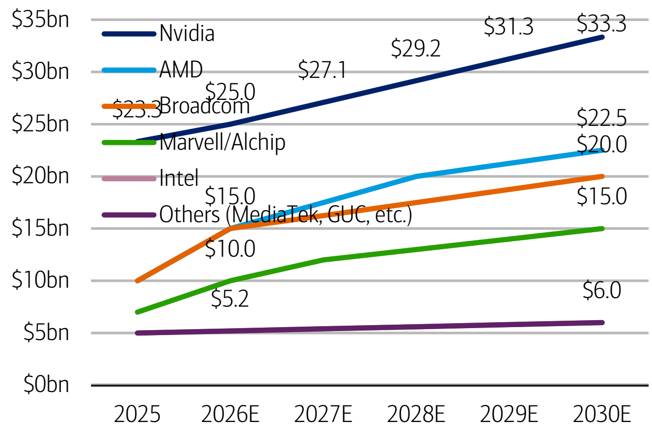
Exhibit 9: We estimate NVDA GPU content per GW (excl. CPU, networking) to reach $33bn, AMD $22.5bn, AVGO $20bn, MRVL $15bn
Accelerator Content ($bn) per GW



Source: BofA Global Research estimates

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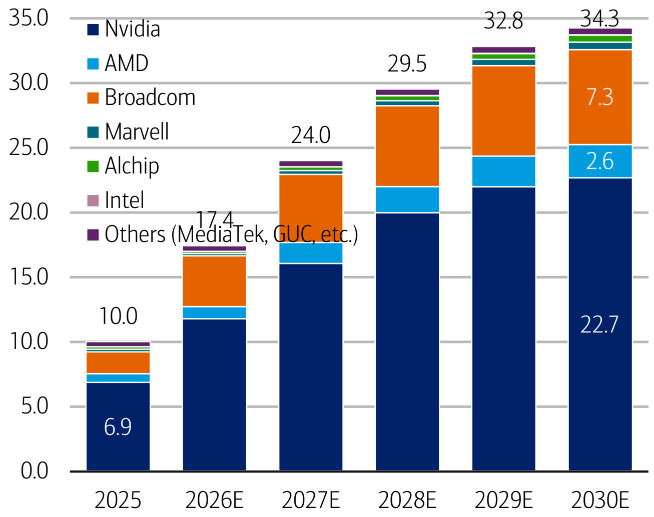
We estimate NVDA installs ~82GW of cumulative DC capacity between CY26-30E, AMD ~10GW, and AVGO ~29GW.

Exhibit 10: We estimate NVDA to install ~23GW of DC capacity in CY30E vs. AMD ~2.6GW and AVGO ~7.3GW
AI Buildout Outlook by Infra Capacity (GW)



Source: BofA Global Research estimates

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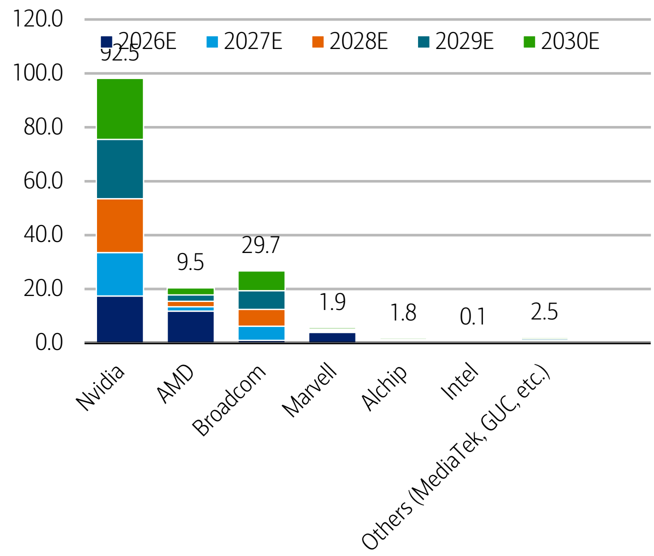
Exhibit 11: We estimate NVDA to install ~93GW of cumulative DC capacity between CY26-30E vs. AMD ~10GW and AVGO ~30GW
Total Infra Capacity Buildout Outlook CY26-30E (GW)



Source: BofA Global Research estimates

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Exhibit 12: We see NVDA to generally maintain 75-80%+ AI accelerator share over time
AI accelerator (GPU/ASIC/XPU) potential sales power by vendor

AI Accelerator Sales Power	CY24	CY25E	CY26E	CY27E	CY28E	CY29E	CY30E
Nvidia ($bn)	**$102.2**	**$160.3**	**$295.0**	**$435.1**	**$583.0**	**$687.3**	**$756.1**
YoY		57%	84%	48%	34%	18%	10%
Implied Share	85%	85%	79%	78%	78%	78%	77%
AMD ($bn)	**$5.0**	**$6.7**	**$14.0**	**$28.5**	**$40.4**	**$50.4**	**$57.9**
YoY		36%	108%	103%	42%	25%	15%
Implied Share	4%	4%	4%	5%	5%	6%	6%
Broadcom ($bn)	**$9.3**	**$16.9**	**$58.8**	**$85.3**	**$109.1**	**$131.0**	**$146.7**
YoY		83%	248%	45%	28%	20%	12%
Implied Share	8%	9%	16%	15%	15%	15%	15%
Marvell ($bn)	**$0.7**	**$1.4**	**$1.8**	**$3.6**	**$5.2**	**$6.7**	**$8.7**
YoY		100%	24%	106%	44%	29%	29%
Implied Share	1%	1%	0%	1%	1%	1%	1%
Others/TBD ($bn)	**$3.1**	**$3.3**	**$3.9**	**$6.0**	**$7.8**	**$9.4**	**$11.4**
YoY		7%	18%	53%	29%	22%	21%
Implied Share	3%	2%	1%	1%	1%	1%	1%
Total Market ($bn)	**$120.2**	**$188.7**	**$373.5**	**$558.4**	**$745.5**	**$884.9**	**$980.7**
YoY		57%	98%	50%	34%	19%	11%

Source: BofA Global Research estimates

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NVDA Preview

NVDA Estimate Changes

We raise sales by +7%/+2%/+2% in FY27/28/29E, raise GM outlook modestly on higher data center mix, and raise EPS by +8%/+3%/+3%.

Exhibit 13: We raise NVDA sales/EPS outlook from greater AI demand visibility (cloud capex) and limited supply headwinds from prior capacity allocations
NVDA Estimate Changes

	Sales ($mn)			EPS (Non GAAP, ex. options)		
	Old	**NEW**	**delta**	**Old**	**NEW**	**delta**
Apr-26E	$71,937	$72,349	$412	$1.65	$1.66	$0.01
Jul-26E	$76,365	$78,996	$2,630	$1.76	$1.83	$0.07
Oct-26E	$82,623	$91,224	$8,601	$1.90	$2.13	$0.23
Jan-27E	$89,170	$99,761	$10,591	$2.09	$2.37	$0.29
FY27E	**$320,095**	**$342,330**	**$22,235**	**$7.40**	**$8.00**	**$0.60**
YoY%	50.4%	60.8%	6.9%	58.8%	71.6%	8.1%
Apr-27E	$95,567	$101,207	$5,640	$2.21	$2.37	$0.16
Jul-27E	$101,136	$101,277	$141	$2.35	$2.37	$0.02
Oct-27E	$105,568	$110,338	$4,770	$2.48	$2.62	$0.14
Jan-28E	$111,524	$109,930	($1,595)	$2.66	$2.63	($0.03)
FY28E	**$413,795**	**$422,750**	**$8,956**	**$9.70**	**$9.98**	**$0.28**
YoY%	29.3%	23.5%	2.2%	31.1%	24.8%	2.9%
Apr-28E	$115,552	$123,053	$7,501	$2.73	$2.94	$0.21
Jul-28E	$118,991	$124,382	$5,392	$2.83	$2.99	$0.16
Oct-28E	$123,307	$121,012	($2,295)	$2.95	$2.91	($0.04)
Jan-29E	$128,386	$127,853	($533)	$3.11	$3.11	$0.00
FY29E	**$486,236**	**$496,301**	**$10,065**	**$11.61**	**$11.94**	**$0.33**
YoY%	17.5%	17.4%	2.1%	19.7%	19.7%	2.9%

Source: BofA Global Research estimates

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Historical Guide/Cons. into Earnings

Exhibit 14: NVDA has beat reported qtr sales by >5% 8 times over last 12 earnings, raised guided qtr sales by >5% 4 times
NVDA Historical Reported Q Guide vs. Actual, Guided Q Consensus vs. Guide

		Sales - Reported Q				Sales - Guided Q			
		Guide	Actual	Delta ($)	Delta (%)	Cons	Actual	Delta ($)	Delta (%)
F4Q26E	Jan-26E	$65,000				$71,506			
F3Q26	Oct-25	$54,000	$57,006	$3,006	6%	$61,985	$65,000	$3,015	5%
F2Q26	Jul-25	$45,000	$46,743	$1,743	4%	$53,461	$54,000	$539	1%
F1Q26	Apr-25	$43,000	$44,062	$1,062	2%	$46,374	$45,000	($1,374)	(3%)
F4Q25	Jan-25	$37,500	$39,331	$1,831	5%	$42,070	$43,000	$930	2%
F3Q25	Oct-24	$32,500	$35,082	$2,582	8%	$37,048	$37,500	$452	1%
F2Q25	Jul-24	$28,000	$30,040	$2,040	7%	$31,854	$32,500	$646	2%
F1Q25	Apr-24	$24,000	$26,044	$2,044	9%	$26,819	$28,000	$1,181	4%
F4Q24	Jan-24	$20,000	$22,103	$2,103	11%	$21,897	$24,000	$2,103	10%
F3Q24	Oct-23	$16,000	$18,120	$2,120	13%	$17,866	$20,000	$2,134	12%
F2Q24	Jul-23	$11,000	$13,507	$2,507	23%	$12,143	$16,000	$3,857	32%
F1Q24	Apr-23	$6,500	$7,192	$692	11%	$7,177	$11,000	$3,823	53%
F4Q23	Jan-23	$6,000	$6,051	$51	1%	$6,359	$6,500	$141	2%

Source: BofA Global Research estimates, Bloomberg

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Exhibit 15: We see NVDA sales/EPS of $342bn/$8.00 in FY27E vs. consensus $331bn/$7.74 and upside scenario outlook EPS of $8.22
NVDA next few qtrs/FY outlook BofA vs. Consensus vs. Upside Scenario (if $0.5Tn+ Blackwell/Rubin orders turn into revenue)

	F4Q26E			F1Q27E			FY27E			FY28E			FY29E		
	BofA	Cons.	Scenario	BofA	Cons.	Scenario	BofA	Cons.	Scenario	BofA	Cons.	Scenario	BofA	Cons.	Scenario
Sales	$65,024	$65,728		$72,349	$71,526		$342,330	$330,593	$351,300	$422,750	$422,777	$457,672	$496,301	$422,777	$490,837
Data Center	$59,512	$59,946		$66,915	$65,691		$319,403	$308,686		$397,771	$396,573		$469,085	$495,427	
GM	75.0%	75.0%		74.7%	75.0%		75.1%	74.7%		75.1%	74.2%		75.2%	74.2%	
EPS	$1.50	$1.52		$1.66	$1.66		$8.00	$7.74	$8.22	$9.98	$9.99	$10.88	$11.94	$9.99	$11.76

Source: BofA Global Research estimates, Bloomberg, Visible Alpha

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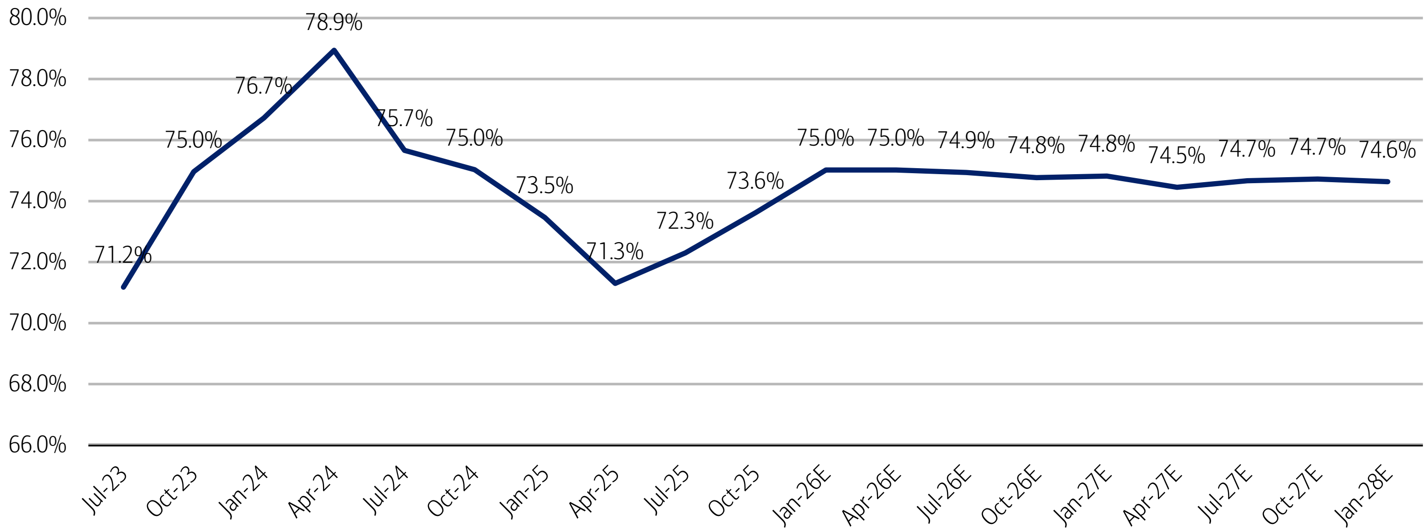
Exhibit 16: Consensus expects NVDA GM to converge toward 74-75% over time, from 73.6% in F3Q26 (OctQ)
NVDA Consensus GM History/Outlook, adjusted for one-time charges (such as H20 inventory adjustments)



Source: BofA Global Research, Bloomberg

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NVDA Comp Table vs. Mag-7/Tech-10

Exhibit 17: NVDA is trading at just 0.5x CY27E PEG vs. non-NVDA Mag-7/Tech-10 average of 2.0x, despite superior >50% FCF margin vs. ~20% others
NVDA vs. Other Mag-7/Tech-10 Comparison

	Mkt cap	P/E			EV/Sales			FCF Margin			Sales CAGR	EPS CAGR	PEG
	(in bn)	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E	25-28E	25-28E	2027E
Nvidia	**$4,442**	**24.3x**	**18.8x**	**15.1x**	**13.6x**	**10.6x**	**8.6x**	**49%**	**53%**	**58%**	**35%**	**38%**	**0.5x**
Apple	$3,755	29.6x	26.7x	24.5x	7.9x	7.5x	7.1x	27%	29%	31%	6%	10%	2.8x
Microsoft	$2,980	22.8x	19.7x	16.5x	8.5x	7.4x	6.3x	20%	23%	26%	16%	17%	1.2x
Google	$3,700	25.8x	21.7x	19.2x	9.0x	7.8x	6.7x	9%	10%	14%	17%	7%	3.0x
Amazon	$2,134	21.7x	18.2x	15.2x	2.7x	2.4x	2.2x	0%	4%	7%	12%	13%	1.4x
Broadcom	$1,542	29.3x	21.5x	16.9x	15.2x	11.2x	8.9x	47%	48%	53%	39%	40%	0.5x
Meta	$1,619	19.6x	17.0x	13.9x	6.5x	5.5x	4.7x	4%	7%	14%	20%	14%	1.2x
Tesla	$1,566	208.9x	156.2x	112.2x	14.9x	12.8x	11.0x	-3%	1%	4%	14%	31%	5.1x
Oracle	$460	21.9x	17.2x	11.8x	7.2x	5.2x	3.4x	-34%	-21%	-7%	38%	25%	0.7x
Avg Ex-Nvidia	**$2,220**	**47.5x**	**37.3x**	**28.8x**	**9.0x**	**7.5x**	**6.3x**	**9%**	**12%**	**18%**	**20%**	**20%**	**2.0x**
Med Ex-Nvidia	**$1,876**	**24.3x**	**20.6x**	**16.7x**	**8.2x**	**7.4x**	**6.5x**	**6%**	**8%**	**14%**	**16%**	**15%**	**1.3x**

Source: BofA Global Research estimates, Bloomberg

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MRVL Preview

Estimate Changes

Exhibit 18: We adjust MRVL sales/EPS modestly following the close of XConn Technologies, -4c/+1c for FY27/28E EPS
MRVL Estimate Changes

	Sales ($mn)			Non-GAAP EPS (ex. SBC)		
	Old	NEW	delta	Old	NEW	delta
Apr-26E	$2,271	$2,271	$0	$0.73	$0.72	($0.01)
Jul-26E	$2,371	$2,371	$0	$0.76	$0.75	($0.01)
Oct-26E	$2,579	$2,584	$4	$0.88	$0.87	($0.01)
Jan-27E	$2,770	$2,782	$12	$0.98	$0.98	($0.01)
FY27E	**$9,991**	**$10,008**	**$17**	**$3.36**	**$3.32**	**($0.04)**
YoY%	22.1%	22.3%	0.2%	18.4%	17.0%	-1.1%
Apr-27E	$2,923	$2,942	$20	$1.01	$1.01	($0.00)
Jul-27E	$3,187	$3,209	$23	$1.14	$1.14	($0.00)
Oct-27E	$3,485	$3,511	$26	$1.28	$1.28	$0.00
Jan-28E	$3,739	$3,775	$37	$1.40	$1.40	$0.01
FY28E	**$13,333**	**$13,438**	**$105**	**$4.83**	**$4.84**	**$0.01**
YoY%	33.4%	34.3%	0.8%	44.1%	45.8%	0.1%
Apr-28E	$3,917	$3,954	$38	$1.48	$1.48	$0.01
Jul-28E	$4,059	$4,097	$38	$1.54	$1.55	$0.01
Oct-28E	$4,174	$4,213	$39	$1.59	$1.60	$0.01
Jan-29E	$4,287	$4,326	$39	$1.64	$1.64	$0.01
FY29E	**$16,436**	**$16,590**	**$154**	**$6.25**	**$6.27**	**$0.02**
YoY%	23.3%	23.5%	0.9%	29.3%	29.6%	0.4%

Source: BofA Global Research estimates

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AVGO Preview

TPU Outlook (Unit/ASP)

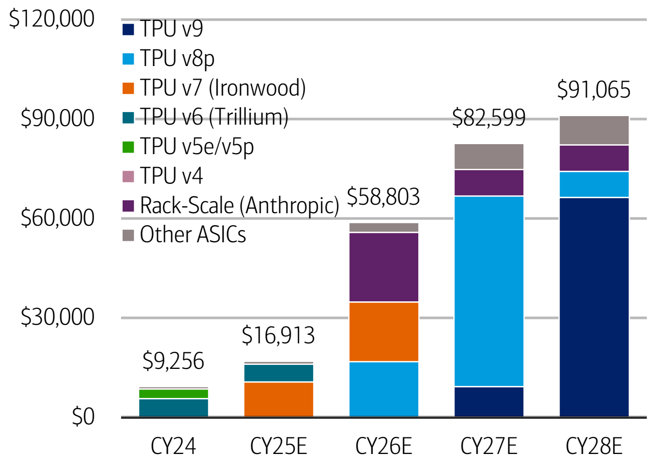
For AVGO, we believe the TPUv7 transition to begin in C2H25 and the product to fully ramp throughout CY26, replacing the older TPUv6 generation that began around C2Q24.

ASP: Each TPUv7 could represent ~$12-15k ASP at 60%+ gross margins (vs. NVDA GB300 $35-40k ASP at 75%+ GM), versus TPUv6 ~$5k ASP at similar margins. TPUv8p might come at a slight more premium, around $15-18k ASP.

Units: We currently expect a total of ~3.5mn TPUv7 and TPUv8p units to be shipped in CY26 (on top of another ~0.8mn units in C2H25), inclusive of ~1.1mn units allocated to Anthropic's rack-scale solution. However, we note the CY26 shipment outlook could expand further to 3.6-3.8mn units based on supply/demand availability, particularly around the success of TPU external rent-out at new (potential) customers like Meta.

TPU/ASIC breakout by generation: In the following Exhibits, we present estimates of TPU unit shipment and sales by different TPU generation. In general, we see the TPU to make up of ~80-90% of all AVGO ASIC sales/shipment, while Meta's MTIA-2 and ByteDance/OpenAI SKUs could make up the rest.

Exhibit 19: We see TPUv7 (incl. Anthropic racks) and v8 to contribute to the majority of AVGO's ~$59bn CY26E AI Compute sales
AVGO AI Compute Breakout ($mn Sales)



Source: BofA Global Research estimates

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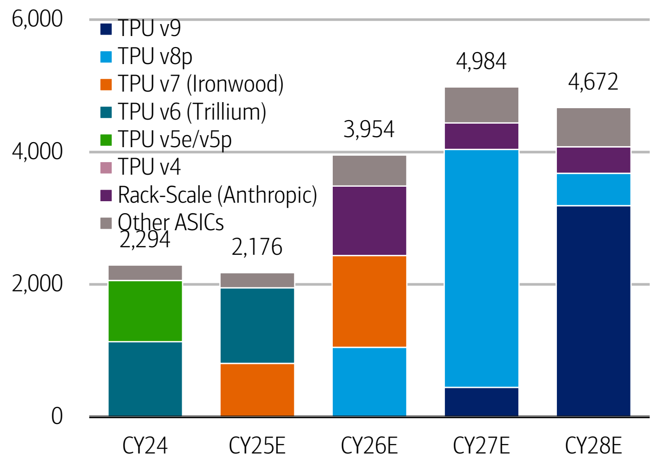
Exhibit 20: We see TPUv7 (incl. Anthropic racks) and v8p to contribute to the majority of AVGO's ~4.0mn CY26E AI Compute unit shipment
AVGO AI Compute Breakout (k units)



Source: BofA Global Research estimates

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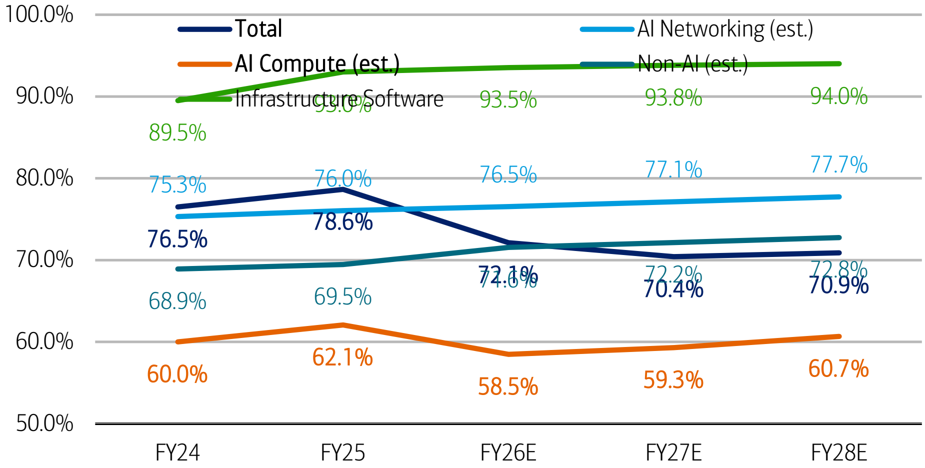
As we increase our sales on the ramp of new AI compute (ASIC and TPU) projects in FY26/27/28E, we modestly tweak down our GM outlook to 72.1%/70.4%/70.9% for, now below Street estimates (with less aggressive ASIC ramp) of 74.6%/72.2%/70.4%.

We also lay out a new GM build by different end market below. We believe AI compute (ASIC) business GMs are currently in the low-60%s, with potential to expand over the coming years on significant volume/scale ramp and new customer acquisitions, though the mix of chips (i.e. TPUs) vs. dilutive rack-scale (i.e. system solutions) might impact margins as well.

Exhibit 21: We see AVGO corporate GM of 72.1%/70.4%/70.9%, with AI compute GMs hovering around 60% (depends on rack-scale mix which is dilutive with system components)
AVGO GM estimate by segment



Source: BofA Global Research estimates

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AVGO Estimate Changes

We raise sales by +5%/+2%/+2% in FY26/27/28E, lower GM outlook modestly on higher ASIC/compute mix, and raise EPS by +4%/+2%/+1% to $10.77/$14.64/$16.99.

Exhibit 22: We raise AVGO sales outlook from greater ASIC sales outlook over time, lower GM due to worse mix (ASICs), raise EPS by +4%/+2%/+1%
AVGO Estimate Changes

	Sales ($mn, Non GAAP)			EPS (Non-GAAP)			Adjusted EBITDA		
	Old	NEW	delta	Old	NEW	delta	Old	NEW	delta
1Q26E	$19,106	$19,273	$167	$2.00	$2.02	$0.02	$12,868	$12,968	$99
2Q26E	$20,005	$20,955	$950	$2.14	$2.23	$0.09	$13,649	$14,197	$547
3Q26E	$26,121	$27,511	$1,390	$2.71	$2.83	$0.12	$17,060	$17,758	$698
4Q26E	$33,715	$36,155	$2,441	$3.48	$3.69	$0.21	$21,638	$22,929	$1,291
FY26E	**$98,946**	**$103,894**	**$4,948**	**$10.33**	**$10.77**	**$0.44**	**$65,216**	**$67,851**	**$2,636**
YoY%	**54.9%**	**62.6%**	**5.0%**	**51.4%**	**57.8%**	**4.2%**	**51.7%**	**57.8%**	**4.0%**
1Q27E	$31,279	$31,954	$675	$3.26	$3.31	$0.05	$20,298	$20,575	$278
2Q27E	$33,416	$34,196	$780	$3.54	$3.61	$0.06	$21,959	$22,328	$369
3Q27E	$34,598	$35,445	$847	$3.70	$3.77	$0.07	$22,865	$23,294	$429
4Q27E	$36,248	$36,991	$743	$3.90	$3.96	$0.06	$23,997	$24,361	$364
FY27E	**$135,541**	**$138,587**	**$3,046**	**$14.40**	**$14.64**	**$0.24**	**$89,118**	**$90,558**	**$1,440**
YoY%	**37.0%**	**33.4%**	**2.2%**	**39.4%**	**36.0%**	**1.6%**	**36.7%**	**33.5%**	**1.6%**
1Q28E	$38,304	$39,044	$740	$4.13	$4.19	$0.06	$25,368	$25,727	$359
2Q28E	$36,581	$37,318	$737	$3.98	$4.04	$0.06	$24,421	$24,782	$362
3Q28E	$38,577	$39,311	$734	$4.21	$4.27	$0.06	$25,795	$26,152	$357
4Q28E	$40,848	$41,181	$332	$4.47	$4.49	$0.02	$27,330	$27,436	$106
FY28E	**$154,310**	**$156,854**	**$2,544**	**$16.80**	**$16.99**	**$0.19**	**$102,913**	**$104,097**	**$1,184**
YoY%	**13.8%**	**13.2%**	**1.6%**	**16.6%**	**16.0%**	**1.2%**	**15.5%**	**15.0%**	**1.2%**
CY26E	**$111,119**	**$116,575**	**$5,456**	**$11.59**	**$12.05**	**$0.46**	**$72,645**	**$75,459**	**$2,814**
YoY	63.2%	70.8%	4.9%	60.4%	66.4%	4.0%	58.7%	64.4%	3.9%
CY27E	**$142,566**	**$145,677**	**$3,111**	**$15.27**	**$15.52**	**$0.25**	**$94,188**	**$95,710**	**$1,522**
YoY	28.3%	25.0%	2.2%	31.8%	28.8%	1.6%	29.7%	26.8%	1.6%
CY28E	**$157,676**	**$159,810**	**$2,135**	**$17.25**	**$17.40**	**$0.15**	**$105,476**	**$106,405**	**$929**
YoY	10.6%	9.7%	1.4%	12.9%	12.1%	0.9%	12.0%	11.2%	0.9%

Source: BofA Global Research estimates

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AVGO EPS Power, Accelerator Share

Based on our current AVGO AI compute and networking build outlook, we see AVGO EPS power reaching $23+ by CY30E, reaching ~15% AI accelerator share of ~$1Tn market (of ~$1.4Tn total AI DC capex TAM) from just ~9% share in CY25E.

Exhibit 23: We see AVGO $23+ EPS power, AVGO ~15% AI accelerator share by CY30E
AVGO EPS Power, Accelerator Share

AVGO EPS Power	CY24	CY25E	CY26E	CY27E	CY28E	CY29E	CY30E
AI Data Center TAM ($mn)	**$156,368**	**$258,056**	**$518,460**	**$769,679**	**$1,029,245**	**$1,229,747**	**$1,374,075**
AI Accelerator TAM ($mn)	**$120,231**	**$188,705**	**$373,490**	**$558,442**	**$745,533**	**$884,873**	**$980,706**
YoY		***57%***	***98%***	***50%***	***34%***	***19%***	***11%***
AVGO Implied Share (%)	**7.7%**	**9.0%**	**15.7%**	**15.3%**	**14.6%**	**14.8%**	**15.0%**
AI Semis	**14,036**	**24,493**	**68,764**	**98,113**	**124,557**	**148,698**	**166,541**
AI Compute	9,256	16,913	58,803	85,264	109,137	130,965	146,681
YoY		*83%*	*248%*	*45%*	*28%*	*20%*	*12%*
AI Networking	4,780	7,580	9,961	12,850	15,420	17,733	19,861
YoY		*59%*	*31%*	*29%*	*20%*	*15%*	*12%*
Non-AI Semis	16,886	16,622	17,500	18,112	18,746	19,403	20,082
Infra Software	23,607	27,129	30,312	31,827	33,419	35,089	36,844
Content per GW (Total, $bn)	$10.9	$11.5	$17.3	$21.6	$21.6	$21.6	$23.0
Content per GW (Compute, $bn)	**$9.5**	**$10.0**	**$15.0**	**$18.8**	**$18.8**	**$18.8**	**$20.0**
Implied GW	**1.0**	**1.7**	**3.9**	**4.5**	**5.8**	**7.0**	**7.3**
Total Sales ($mn)	**$54,529**	**$68,244**	**$116,575**	**$148,053**	**$176,722**	**$203,190**	**$223,467**
YoY		*25%*	*71%*	*27%*	*19%*	*15%*	*10%*
GM (%)	**77.5%**	**78.0%**	**70.7%**	**70.5%**	**70.0%**	**69.5%**	**69.0%**
Opex (%)	15.6%	12.3%	7.4%	6.1%	*6.1%*	*6.1%*	*6.1%*
Opex ($mn)	$8,508	$8,406	$8,571	$8,999	$10,742	$12,350	$13,583
YoY		*-1%*	*2%*	*5%*	*19%*	*15%*	*10%*
OpM (%)	**61.9%**	**65.7%**	**63.4%**	**64.5%**	**64.0%**	**63.5%**	**63.0%**
EBIT ($mn)	$33,733	$44,829	$73,906	$95,449	$113,048	$128,964	$140,716
Interest & Other	($3,336)	($2,693)	($2,071)	($1,246)	($420)	($20)	$380
Pre-tax Income	$30,397	$42,137	$71,835	$94,204	$112,628	$128,943	$141,096
Tax rate	13.5%	14.7%	16.5%	16.5%	16.5%	16.5%	16.5%
Net Income	$26,302	$35,936	$59,982	$78,660	$94,044	$107,668	$117,815
EPS Power ($)	**$5.36**	**$7.24**	**$12.05**	**$15.78**	**$18.83**	**$21.49**	**$23.45**
YoY		*35%*	*66%*	*31%*	*19%*	*14%*	*9%*
DSO	4,909	4,962	4,976	4,985	4,995	5,010	5,025

Source: BofA Global Research estimates

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GPU vs. ASIC Competition

The current state of LLMs and AI accelerators

In the Exhibit below, we show the latest AI large language models available for general availability, as well as their AI accelerators used for training, ranked by their GPQA (reasoning) abilities.

Gemini 3 may be the best for now

Notably, Google's Gemini 3 Pro trained on AVGO/Google's latest TPUv7 Ironwood ranks the highest with 91.90% GPQA (reasoning) score, alongside a relatively high 76.20% SWE (coding) score. Gemini 3 also excels in token generation cost at just $2 input/mn tokens and $12 output/mn tokens for the Pro version, comparing favorably against Grok-4 Heavy's $3/$15 input/output.

But that may soon change with Blackwell-trained LLMs

However, we flag all the major GPU-based models in the market today were trained on older generation Nvidia Hopper GPU from 2022 and 2023. Only Grok-4 was trained on a mix of H100 (150k), H200 (50k), and B200/GB200 (30k) GPUs in xAI's Colossus cluster.

Given NVDA's Blackwell (B200/GB200) from 2022 delivers 10-15x faster MOE inferencing and ~2.5x faster training vs. prior-gen Hopper just from the chip itself (with up to 2x further improvement from software optimization), we expect any **Blackwell-majority-trained LLMs to rewrite the reasoning/coding benchmarks** once broadly available in early 2026 (such as xAI Grok-5, OpenAI GPT-6, etc.).

As such we believe the frequent comparison of models trained on the TPUv7 (2025) and models trained on Hopper GPUs (2022/2023) is somewhat misleading, and the launch of Blackwell-based models is likely to re-invigorate the AI market, particularly the non-TPU/GOOGL camp, with much improved reasoning/coding performances as well as lower input/output token generation costs.

Note the exhibit below now includes the latest GPT-5.2 with the latest benchmarks. As well as Anthropic's Claude Opus 4.6 released in early February.

Exhibit 24: Google Gemini 3 Pro, trained on the latest TPUv7 Ironwood ranks the highest in reasoning benchmark today. Note however that LLMs trained on majority Nvidia Blackwell GPUs (GB200/GB300) are yet to be launched for general availability
LLM Ranking based on coding arenas, GPQA (reasoning), and SWE-bench (coding)

Rank	Publisher	Model	Launch Date	Trained On	GPQA	SWE-bench	Input $/mn	Output $/mn
1	Google	Gemini 3 Pro	2025-11	Google TPUv7 Ironwood (2025)	91.90%	76.20%	$2.00	$12.00
2	Anthropic	Claude Opus 4.5	2025-11	Google TPUv7 Ironwood (2025), AWS Trn2 (2024)	87.00%	80.90%	$5.00	$25.00
3	Anthropic	Claude Opus 4.6	2026-02	Google TPUv7 Ironwood (2025)	91.30%	80.80%	$5.00	$25.00
4	OpenAI	GPT-5.2	2025-12	Nvidia H100 (2022), H200 (2023), B200 (2024)	92.40%	80.00%	$1.75	$14.00
5	Google	Gemini 3 Flash	2025-12	Google TPUv7 Ironwood (2025)	90.40%	78.00%	$0.50	$3.00
6	Moonshot AI	Kimi K2.5	2026-01	Nvidia H800 (2023), Huawei Ascend 910C (2025)	87.60%	76.80%	$0.60	$2.50
7	OpenAI	GPT-5 High	2025-08	Nvidia H100 (2022), H200 (2023)	87.30%	—	$1.25	$10.00
8	Anthropic	Claude Sonnet 4.5	2025-09	Nvidia H100 (2022), H200 (2023)	83.40%	—	$3.00	$15.00
9	Zhipu AI	GLM-4.7	2025-12	Huawei Ascend 910C (2025)	85.70%	73.80%	$0.60	$2.20
10	OpenAI	GPT-5 Medium	2025-08	Nvidia H100 (2022), H200 (2023)	88.10%	—	$1.25	$10.00
11	OpenAI	GPT-5.1 High	2025-11	Nvidia H100 (2022), H200 (2023)	88.10%	—	$1.25	$10.00
12	Zhipu AI	GLM-4.6	2025-09	Nvidia H800 (2023), Huawei Ascend 910C (2025)	81.00%	68.00%	$0.55	$2.19
13	OpenAI	GPT-5.2 Codex	2026-01	Nvidia H100 (2022), H200 (2023), B200 (2024)	—	—	$1.75	$14.00
14	Anthropic	Claude Opus 4.1	2025-08	Nvidia H100 (2022), H200 (2023), AWS Trn2 (2024)	80.90%	74.50%	$15.00	$75.00
15	OpenAI	GPT-5.1	2025-11	Nvidia H100 (2022), H200 (2023)	88.10%	76.30%	$1.25	$10.00
16	Anthropic	Claude Opus 4	2025-05	Nvidia H100 (2022), H200 (2023), AWS Trn2 (2024)	79.60%	72.50%	$15.00	$75.00
17	MiniMax	MiniMax M2.1	2025-12	Nvidia H800 (2023), Huawei Ascend 910C (2025)	81.00%	67.00%	$0.30	$1.20
18	Google	Gemini 2.5 Pro	2025-05	Google TPUv6 Trillium (2024)	83.00%	63.20%	$1.25	$10.00
19	Anthropic	Claude Sonnet 4	2025-05	Nvidia H100 (2022), H200 (2023)	75.40%	72.70%	$3.00	$15.00
20	DeepSeek	DeepSeek-V3.2-Speciale	2025-11	Nvidia H800 (2023)	—	73.10%	$0.28	$0.42

Source: BofA Global Research estimates, LLM-Stats

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The profitability/depreciation concern

There have recently been increasing investor concerns about extending the depreciation schedules (useful life) of AI infra assets at hyperscalers/CSPs. For instance, cloud vendors have increased the depreciation schedule of IT hardware assets from 3-4 years historically to now commonly 4-6 years as seen in Exhibit 25 below.

With such elongated depreciation schedules, there are concerns CSPs are artificially inflating profits and justifying their heavy IT equipment (such as servers and AI accelerators) purchases that they otherwise would not be able to justify.

Exhibit 25: CSPs are now commonly depreciating IT hardware assets such as servers/accelerators over 5-6 years vs. historically 3-4 years

IT hardware depreciation schedule at major cloud service providers

Cloud Provider	IT Hardware Type	Depreciation Lifespan
GOOGL	Servers & Network Equipment	6 years
MSFT	Computer Equipment	2-6 years
AMZN	Servers and Networking Equipment	5 years
META	Servers and Network Assets	4-5 years
ORCL	Computer, Network, Machinery, and Equipment	1-6 years
CRWV	Technology Equipment	6 years
NBIS	Server and Network Equipment	4 years

Source: BofA Global Research, company filings

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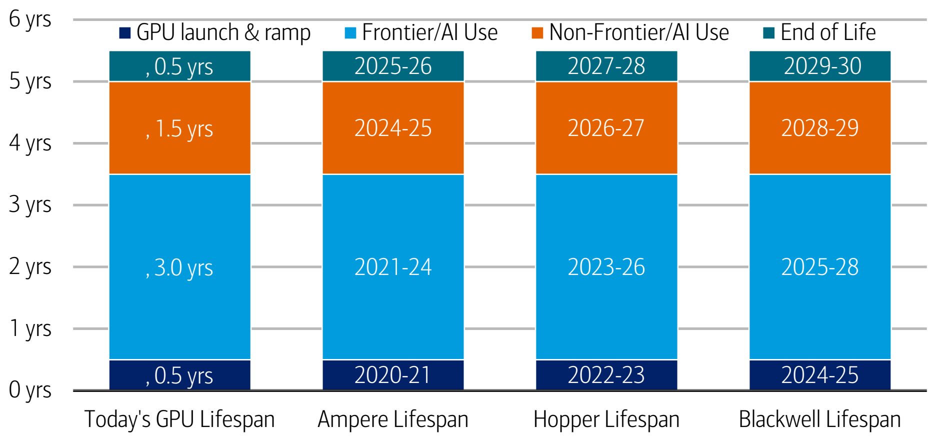
However, we point out that AI servers, particularly GPUs/accelerators, are in use for 5-6 years today. For instance, the Ampere A100 GPUs from 2020 are still nearly at full utilization today, per NVDA. While not all current use cases for these older GPUs may be leading-edge frontier LLM development, and they may be more used toward non-AI/life science/HPC type workloads, demand for these non-AI workloads is also rising quickly as the cost of compute is overall declining.

Overall, we believe **useful life of 5-6 years for AI GPUs is possible** via:

- 0.5-1.0 year of launch, ramping into clusters of 100s of thousands of GPUs,
- ~3 years of frontier/AI model training and inferencing, such as Hopper GPUs (2022-23 launch) in full service today at leading LLMs (GPT-5, Grok-4, etc.),
- 1-2 years of non-frontier/non-AI use case such as in HPC, life science, etc.,
- 0.5 year of end of life, decommissioning.

Exhibit 26: We see a total of 5-6 years of useful life for AI accelerators/GPUs today

Typical GPU use cases over its lifespan (useful life)



Source: BofA Global Research estimates

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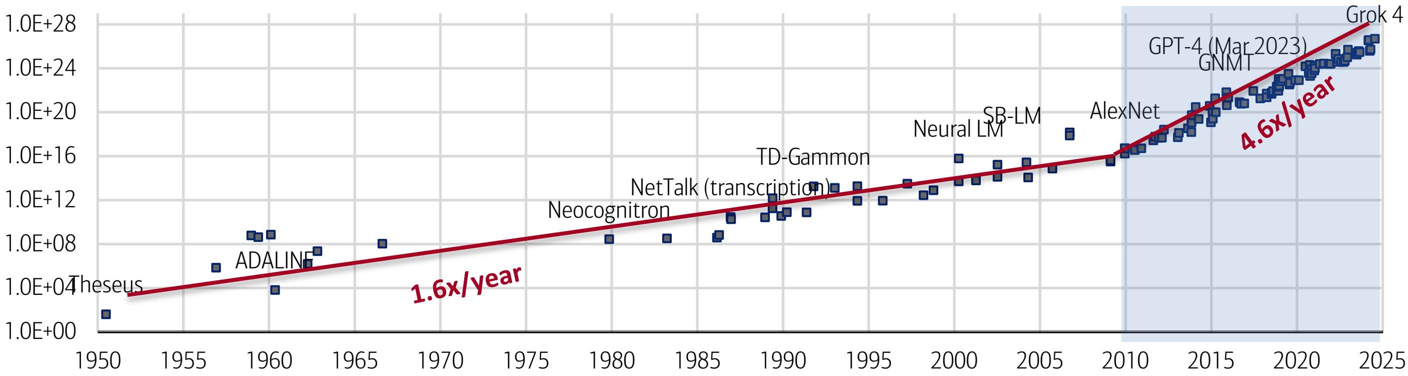
The slowing capex concern

Scaling laws are still alive in AI

Since the rise of deep learning in 2010 and the introduction of dedicated accelerators (such as GPUs), the pace of compute scaling has increased dramatically, reaching ~4.5x/year (2x every 6 months) vs. historical Moore's Law's ~1.5x/year (2x every 2 yrs).

Since the launch of ChatGPT in November 2022, this trend has continued with the introduction of purpose-built AI accelerators, AI networking (switches, NICs, connectivity), and AI memory (HBM), as well as the combination of these three into scalable rack solutions.

Exhibit 27: Training compute (FLOP) now scale at an accelerated pace (~4.5x/yr) vs. historical traditional/linear compute (Moore's Law, ~1.5x/year)
Training compute (FLOP) by different AI models over the last 75 years



Source: BofA Global Research estimates, Epoch AI

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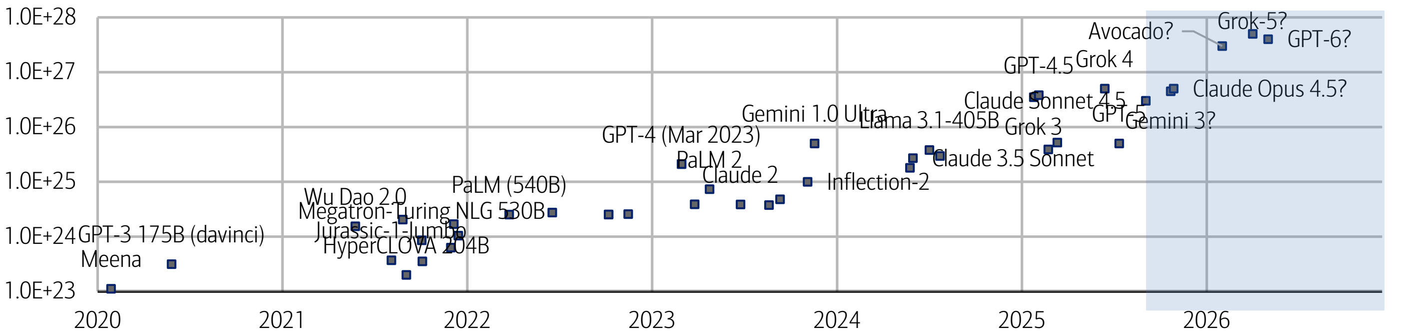
2x scaling every 6 months

Particularly, we expect this trend (2x every 6 months) to continue into 2026E, driven by the launch of new models trained on NVDA's Blackwell GPUs (shipping since 2024, but no public models out yet), which deliver 10-15x faster MOE inferencing and ~2.5x faster training vs. prior-gen Hopper. Improvement from software optimization, rack-level scaling, etc. could provide further gains.

Follow on Rubin (2H26), Rubin Ultra (2H27), and Feynman (2H28) products from NVDA, as well as MI450 (2H26) and MI500 (2H27) products from AMD could further help LLMs expand tokens per watt and revenue per token gen-over-gen for the foreseeable future. In other words, we expect the current accelerated scaling pace to continue, driven by an annual cadence of more powerful accelerator chips/racks/systems.

Exhibit 28: We expect training compute (FLOP) to continue scaling at an accelerated pace (~4.5x/yr) into 2026E, driven by the ramp of new powerful GPUs
Training compute (FLOP) by different AI models between 2020-2026E



Source: BofA Global Research estimates, Epoch AI

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Glossary:

AVGO: Broadcom
NVDA: Nvidia
AMD: Advanced Micro Devices
MRVL: Marvell
GOOGL: Google
GCP: Google Cloud Platform
META: Meta Platforms
MSFT: Microsoft
AMZN: Amazon
AWS: Amazon Web Services
ORCL: Oracle
CSP: Cloud Service Provider
TSMC: Taiwan Semiconductor Manufacturing Company
GPU: Graphics Processing Unit
CPU: Central Processing Unit
TPU: Tensor Processing Unit
ASIC: Application-Specific Integrated Circuit
MTIA: Meta Training and Inference Accelerator
ASP: Average Selling Price
TFLOP: Teraflop
PFLOP: Petaflop
EFLOP: Exaflop
HBM: High-Bandwidth Memory
NVL: NVLink
GB200/300: Grace Blackwell 200/300
SKU: Stock Keeping Unit
ESUN: Ethernet for Scale-Up Networking
IF: InfiniBand
SUE: Scale-Up Ethernet
UEC: Ultra Ethernet Consortium
AI: Artificial Intelligence
TAM: Total Addressable Market
GW: Gigawatt
MW: Megawatt
W: Watt
kW: Kilowatt
perf: Performance
TCO: Total Cost of Ownership
FP: Floating Point
NVFP: Nvidia Floating Point
CUDA: Compute Unified Device Architecture
JAX: JAX library (Google/Nvidia)
XLA: Accelerated Linear Algebra
OEM: Original Equipment Manufacturer
LLM: Large Language Model
DC: Data Center
CoWoS: Chip-on-Wafer-on-Substrate
Trn: Trainium
NIC: Network Interface Card

Stocks mentioned

Prices and ratings for stocks mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
AVGO	AVGO US	Broadcom	US$ 325.17	C-1-7
MRVL	MRVL US	Marvell	US$ 78.61	C-2-7
NVDA	NVDA US	NVIDIA	US$ 182.81	C-1-7

Source: BofA Global Research

Price objective basis & risk

Broadcom Inc (AVGO)
Our $500 price objective for Broadcom is based on 33x CY27E P/E, at the upper end of its 11x-41x historical range, still in-line with 1x-2x PEG framework for high-growth compute vendors, and justified given double-digit EPS growth and best-in-semis profitability, FCF generation, and returns.

Downside risks to our price objective are: 1) semiconductor cycle risks, including sensitivity to fundamental or sentiment shifts in AI theme, 2) high exposure to Apple and Google with potential design out risks, 3) competitive risks in networking, smartphone, storage, enterprise software markets, including rising NVDA competition in networking, 4) frequent acquirer of assets, which increases financial and integration risks, and 5) large $60bn net-debt.

Marvell Technology, Inc. (MRVL)
Our $90 PO is based on 19x FY28E/CY27E pf-EPS. Our PO basis is below 27x historical median but still within 14x-47x range justified by continued lack of visibility in major customer ASIC projects, heightening competition, and cyclical industry risks offset by ASIC upside, networking strength, and AEC/CPO/scale-up share gains.

Upside risks: 1) Faster than anticipated ramp/visibility in major custom ASIC projects, 2) Continued growth in DSP-based pluggable market, versus new LPO/LRO techs, 3) Share gains in emerging AEC/CPO/scale-up switch markets against incumbents.

Downside risks: 1) Continued lack of visibility in key custom ASIC projects, particularly in the next-gen 3nm chip at AWS, 2) Competition in AI compute, with merchant vendors continuing to proliferate and ASIC incumbent AVGO winning many of the large hyperscaler/AI customers, 3) cyclical industry risks including potential slowdown in legacy storage, enterprise networking, carrier markets.

NVIDIA Corporation (NVDA)
Our $275 PO is based on 28x CY27E PE ex cash, within NVDA's historical 25x-56x forward year PE range, which we believe is justified by NVDA's leading share in fast-growing AI compute/networking markets, offset by lumpiness in global AI projects, cyclical gaming market, and concerns around access to power.

Downside risks are: 1) weakness in consumer driven gaming market, 2) Competition with major public firms, internal cloud projects and other private companies in AI and accelerated computing markets, 3) Larger than expected impact from restrictions on compute shipments to China, or additional restrictions placed on activity in the region, 4) Lumpy and unpredictable sales in new enterprise, data center, and autos markets, 5) Potential for decelerating capital returns, and 5) Enhanced government scrutiny of NVDA's dominant market position in AI chips.

Analyst Certification

I, Vivek Arya, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

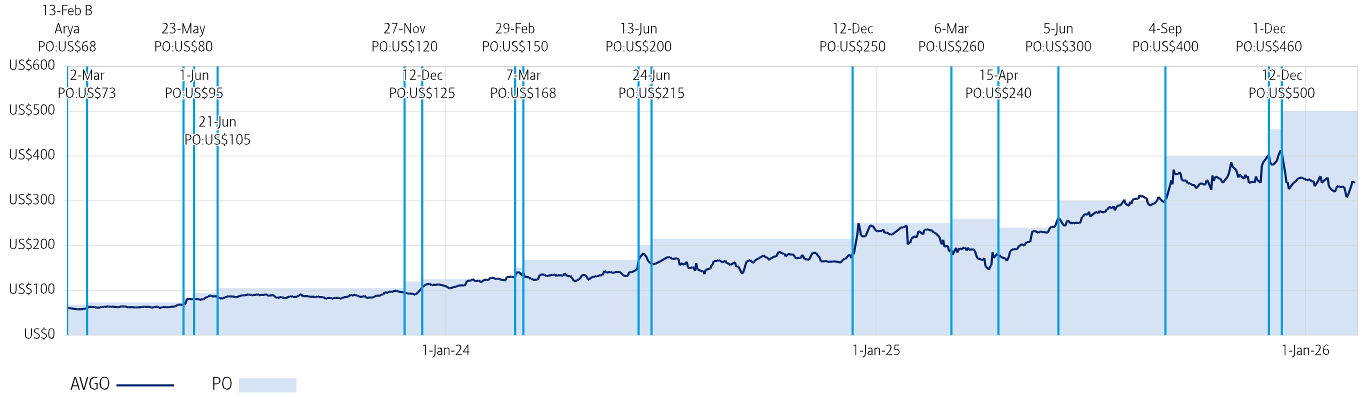
US - Semiconductors and Semiconductor Capital Equipment Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Advanced Energy Industries	AEIS	AEIS US	Duksan Jang
	Advanced Micro Devices, Inc	AMD	AMD US	Vivek Arya
	Allegro Microsystems	ALGM	ALGM US	Vivek Arya
	Analog Devices Inc.	ADI	ADI US	Vivek Arya
	Applied Materials, Inc.	AMAT	AMAT US	Vivek Arya
	Broadcom Inc	AVGO	AVGO US	Vivek Arya
	Cadence	CDNS	CDNS US	Vivek Arya
	Camtek	CAMT	CAMT US	Michael Mani
	Credo Technology	CRDO	CRDO US	Vivek Arya
	KLA Corporation	KLAC	KLAC US	Vivek Arya
	Lam Research Corp.	LRCX	LRCX US	Vivek Arya
	M/A-Com	MTSI	MTSI US	Vivek Arya
	Microchip	MCHP	MCHP US	Vivek Arya
	Micron Technology, Inc	MU	MU US	Vivek Arya
	MKS Instruments	MKSI	MKSI US	Michael Mani
	Nova	NVMI	NVMI US	Michael Mani
	NVIDIA Corporation	NVDA	NVDA US	Vivek Arya
	NXP Semiconductors NV	NXPI	NXPI US	Vivek Arya
	Synopsys	SNPS	SNPS US	Vivek Arya
	Teradyne	TER	TER US	Vivek Arya
NEUTRAL				
	Ambarella	AMBA	AMBA US	Vivek Arya
	Ambiq Micro, Inc.	AMBQ	AMBQ US	Vivek Arya
	Arm Holdings	ARM	ARM US	Vivek Arya
	Astera Labs Inc	ALAB	ALAB US	Vivek Arya
	Coherent Corp	COHR	COHR US	Vivek Arya
	Lumentum Holdings	LITE	LITE US	Vivek Arya
	Marvell Technology, Inc.	MRVL	MRVL US	Vivek Arya
	onsemi	ON	ON US	Vivek Arya
	Texas Instruments Inc.	TXN	TXN US	Vivek Arya
UNDERPERFORM				
	Axcelis Technologies	ACLS	ACLS US	Duksan Jang
	GlobalFoundries	GFS	GFS US	Vivek Arya
	Intel	INTC	INTC US	Vivek Arya
	Lattice Semiconductor	LSCC	LSCC US	Duksan Jang
	Skyworks Solutions, Inc.	SWKS	SWKS US	Vivek Arya
RVW				
	Wolfspeed Inc	WOLF	WOLF US	Vivek Arya

Disclosures

Important Disclosures

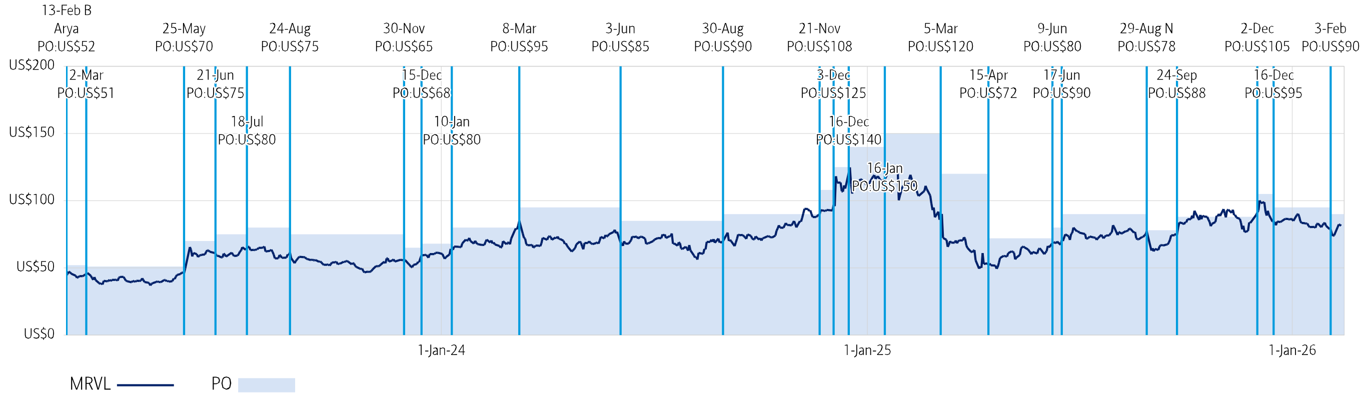
Broadcom (AVGO) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Marvell (MRVL) Price Chart



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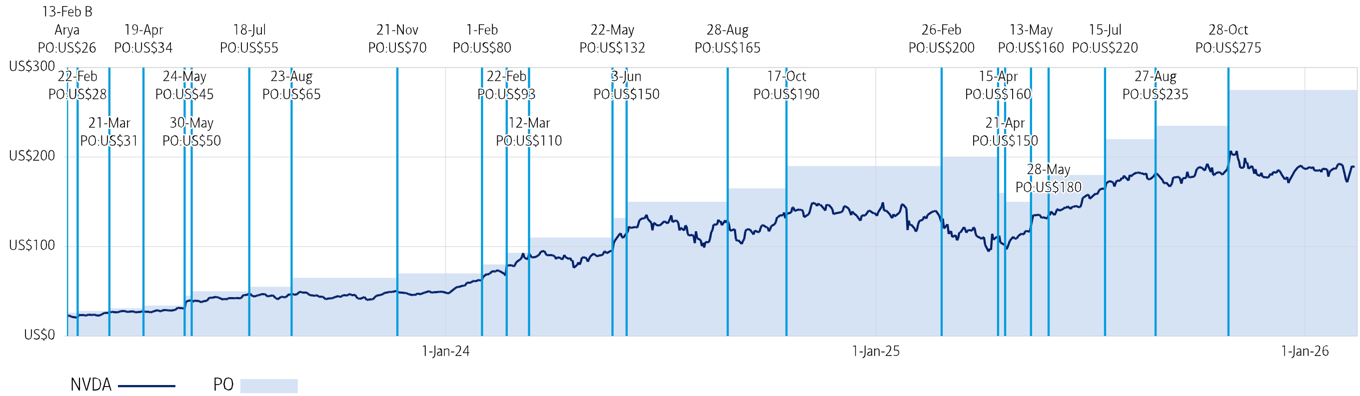
NVIDIA (NVDA) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2025)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	208	54.03%	Buy	106	50.96%
Hold	97	25.19%	Hold	44	45.36%
Sell	80	20.78%	Sell	23	28.75%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2025)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	1869	53.99%	Buy	1069	57.20%
Hold	834	24.09%	Hold	481	57.67%
Sell	759	21.92%	Sell	383	50.46%

[R1] Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. VOLATILITY RISK RATINGS, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. INVESTMENT RATINGS reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster[R2]
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

[R2]Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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The issuer is or was, within the last 12 months, an investment banking client of BofAS and/or one or more of its affiliates: Broadcom Inc, Marvell Tech, NVIDIA.
BofAS or an affiliate has received compensation from the issuer for non-investment banking services or products within the past 12 months: Broadcom Inc, Marvell Tech, NVIDIA.
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