

MOODY'S

RATINGS



2026 AI Outlook

Wednesday, 10 December 2025

Agenda



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Overview of the AI ecosystem

2

The impact of AI across sectors

3

Making sense of today's massive AI infrastructure buildout

4

Understanding the stakes of a potential AI bubble

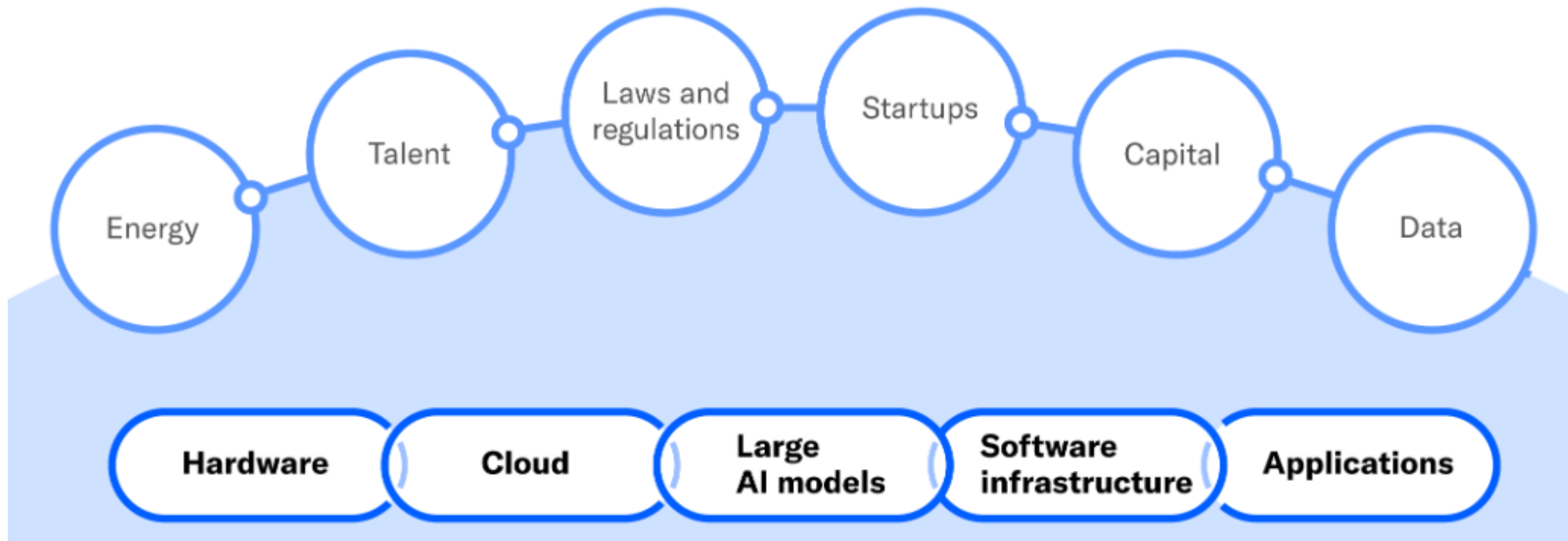
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The geopolitics of AI

AI ecosystem

Where is the value in the value chain?

AI ecosystem overview

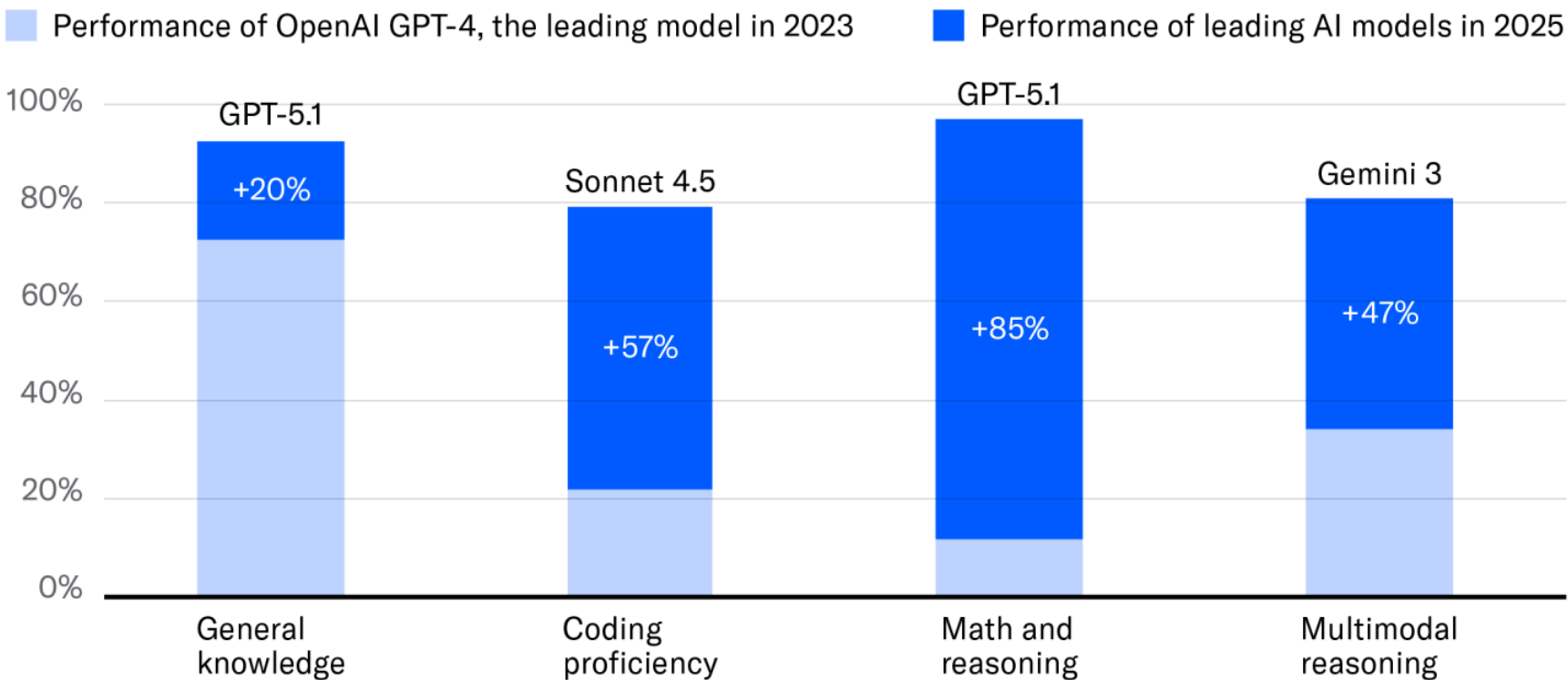


Source: Moody's Ratings

Model capabilities

Fast improvements in AI capabilities drive the hype

AI models have made giant leaps since 2023

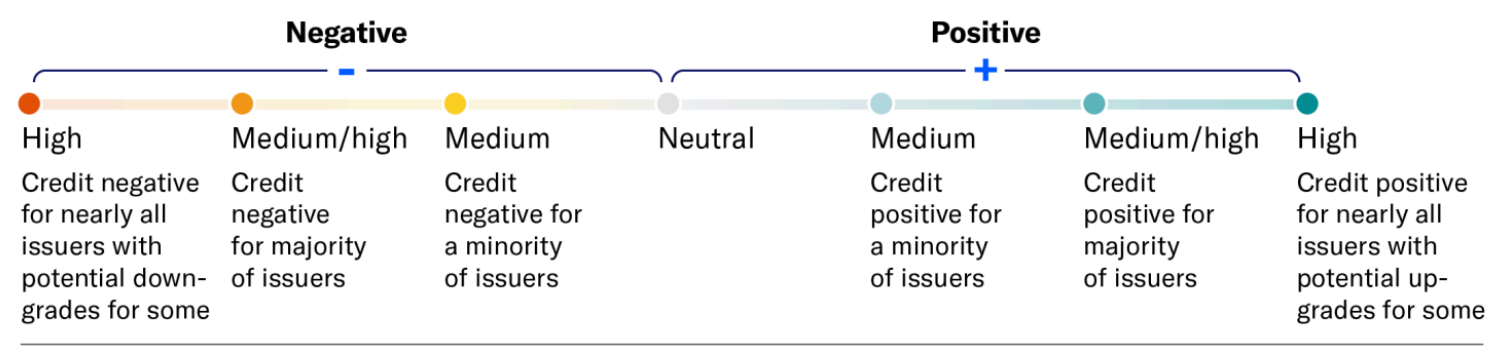


Performance deltas refer to model results on widely used public benchmarks. Benchmark scores are indicative of model capabilities but may not fully reflect performance in enterprise-specific workflows

Source: Moody's Ratings

Credit impact

Assessment of both upside and disruption risk of AI under our two main scenarios



⚡ Indicates that AI will disrupt over 10% of issuers within the sector

	Scenario 1	Scenario 2		Scenario 1	Scenario 2
Software	●	●	Business & consumer services	●	● ⚡
Automotive	●	●	Manufacturing	●	●
Banking	●	● ⚡	Retail	●	●
Insurance	●	● ⚡	Aerospace & defense	●	●
Asset management	●	● ⚡	Chemicals	●	●
Consumer products	●	●	Media	●	● ⚡
Telecommunications	●	●	Oil & gas	●	●
Transport & logistics	●	●	Infrastructure & transportation	●	●
Semiconductors	●	●	Real estate	●	●
Pharmaceutical	●	●	Utilities	●	●
Healthcare	●	●			

Disruption risk

Issuers most vulnerable to adverse AI effects share a consistent set of characteristics

Mid-sized scale, limiting access to proprietary data and reducing ability to absorb high upfront IT costs.

Constrained balance sheets, leading to harder trade-offs between funding day-to-day operations and committing capital to multi-year AI programs.

Dependence on routine cognitive labor, exposing the firm to rapid automation from AI-native competitors.

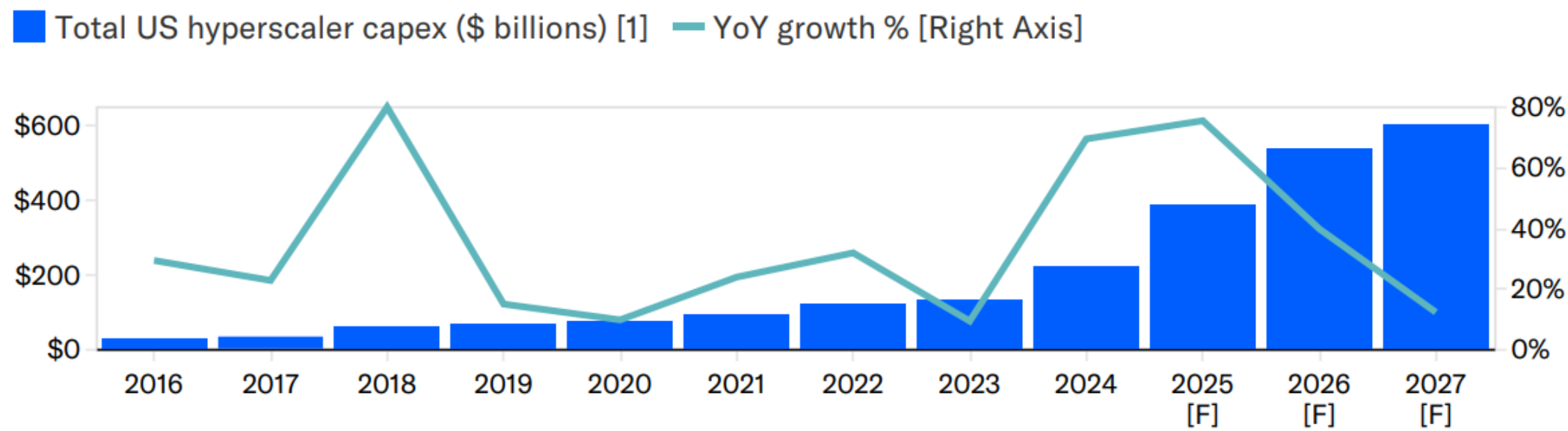
Operating in a segment where AI intensifies price competition.

Legacy IT systems making it harder to integrate modern AI systems into workflows.

Hyperscalers' investments

Spending by hyperscalers on AI rollout will continue to grow

Spending by AI hyperscalers on AI rollout will continue to grow



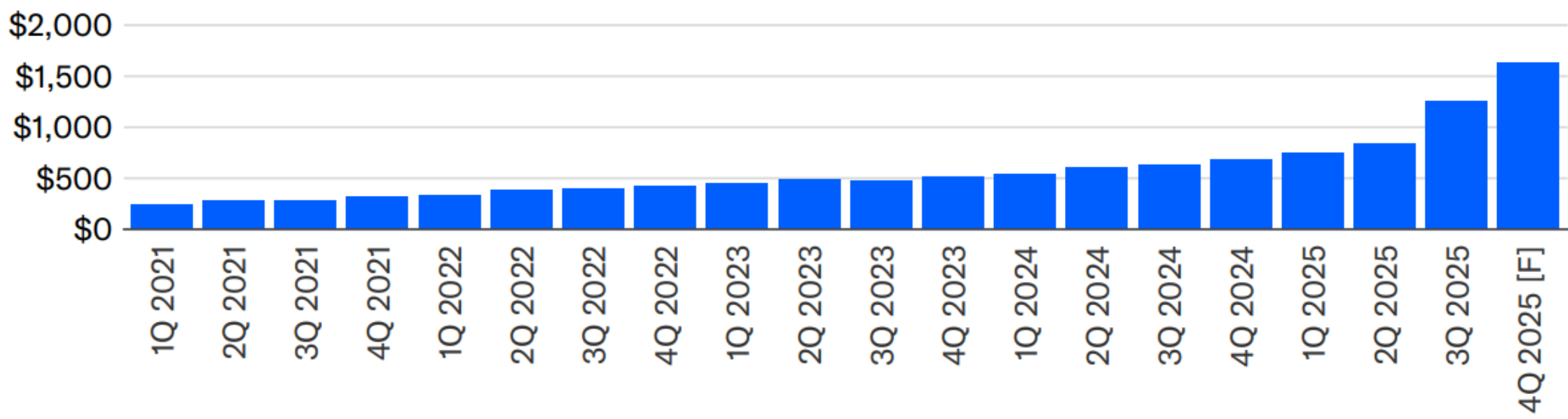
Includes capital expenditures of Microsoft, Amazon's AWS, Alphabet, Meta, Oracle, and CoreWeave. AWS's capital expenditures are Moody's Ratings' estimates.

Source: Moody's Ratings

Hyperscalers' investments

Backlog of contracted business for five hyperscalers will surpass \$1.6 trillion, tripling from 2 years ago

Remaining performance obligations of Microsoft, Alphabet, Amazon's AWS, Oracle and Coreweave

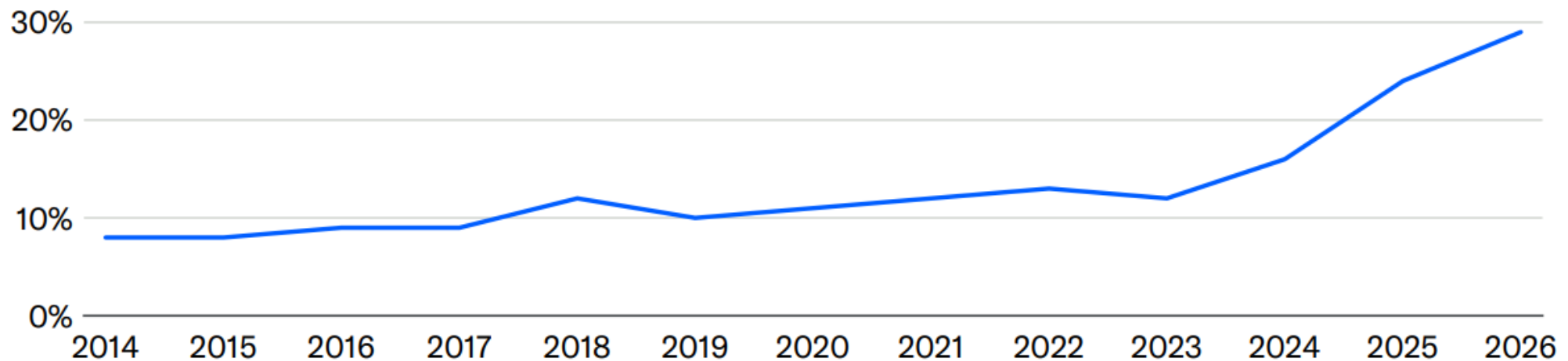


Source: Moody's Ratings

Hyperscalers' investments

The contracted business backlog of hyperscalers will surpass \$1.6 trillion, tripling from 2 years ago

Hyperscalers' capital expenditures, as a percentage of revenue




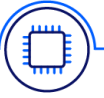


Capital expenditure to revenue for Amazon, Alphabet, Microsoft, Meta and Oracle, 2026 and 2025 capital intensity is Moody's Ratings forecast.

Source: Moody's Ratings

Is there an AI bubble?

The current AI boom resembles past industrial bubbles more than financial ones

Comparison of the AI boom to previous bubbles

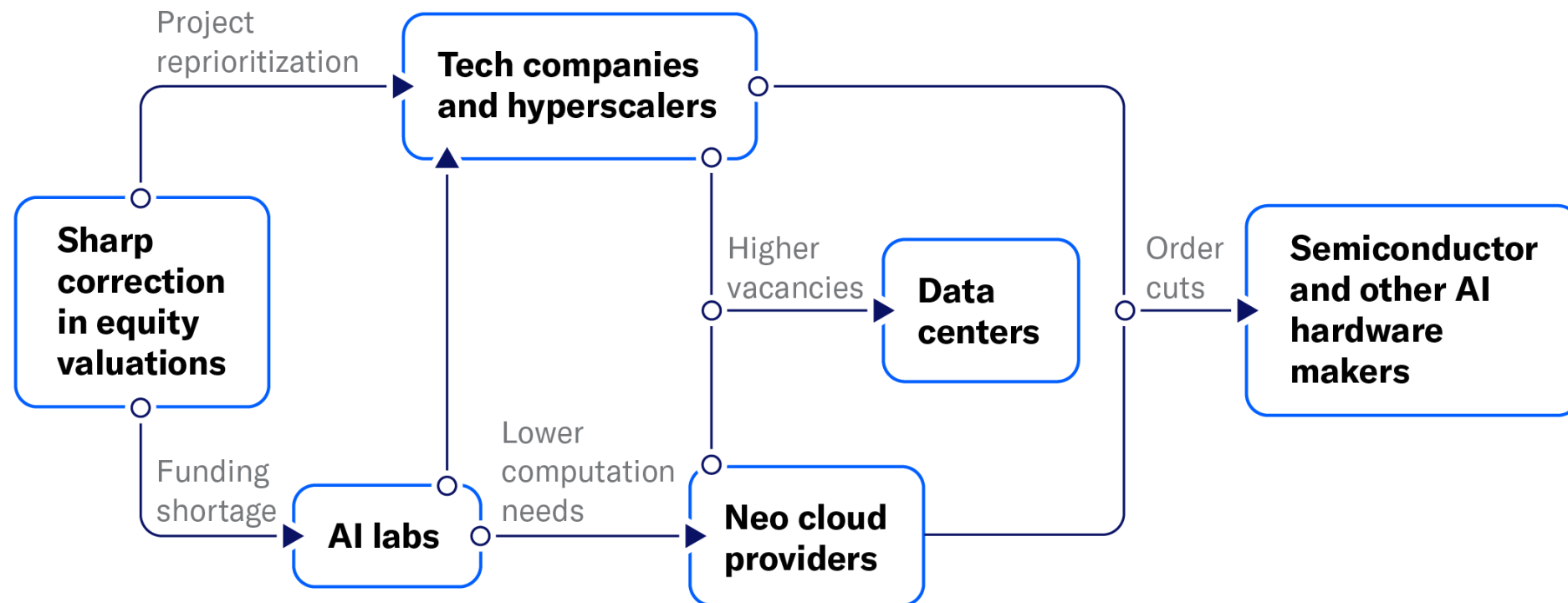
	 Railway mania 1840s	 Dot-com bubble Late 1990s – 2000	 2008 financial crisis Mid-2000s – 2008	 Current AI surge Early 2020s – Present
Trigger	Steam power	Commercial Internet	Financial engineering	Generative AI
Assets	Railway company shares	Internet company shares	Real estate, structured finance securities	Tech stocks, AI labs, data centers
Financing	Retail equity and debt	Venture capital, public equity	Bank debt, shadow banking, consumer debt	Corporate investment, public equity, venture capital, private credit
Burst trigger	Market saturation, rising costs, interest rate hikes	Failure to show profits, rising interest rates	Falling US housing prices, bank failures	N.a.
Consequences	Market crash, bankruptcies, enduring railway network	Market crash, bankruptcies, enduring internet infrastructure	Global recession, increased public debt, tighter financial regulations	N.a.

Source: Moody's Ratings

Is there an AI bubble?

A drop in AI valuations would the entire value chain

How a possible burst could affect the AI ecosystem

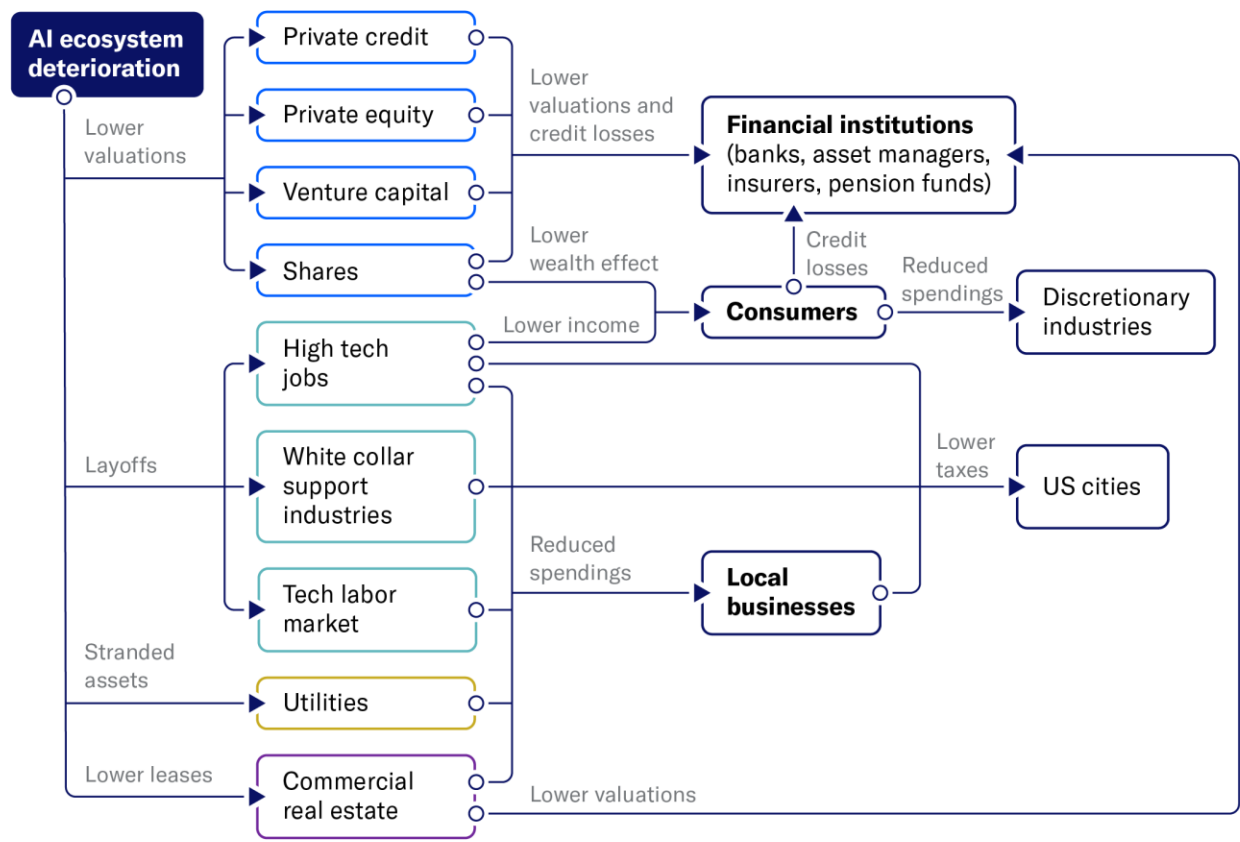


Source: Moody's Ratings

Is there an AI bubble?

An AI bubble burst could affect non-tech industries in multiple ways

Contagion channels between the AI ecosystem and non-tech industries

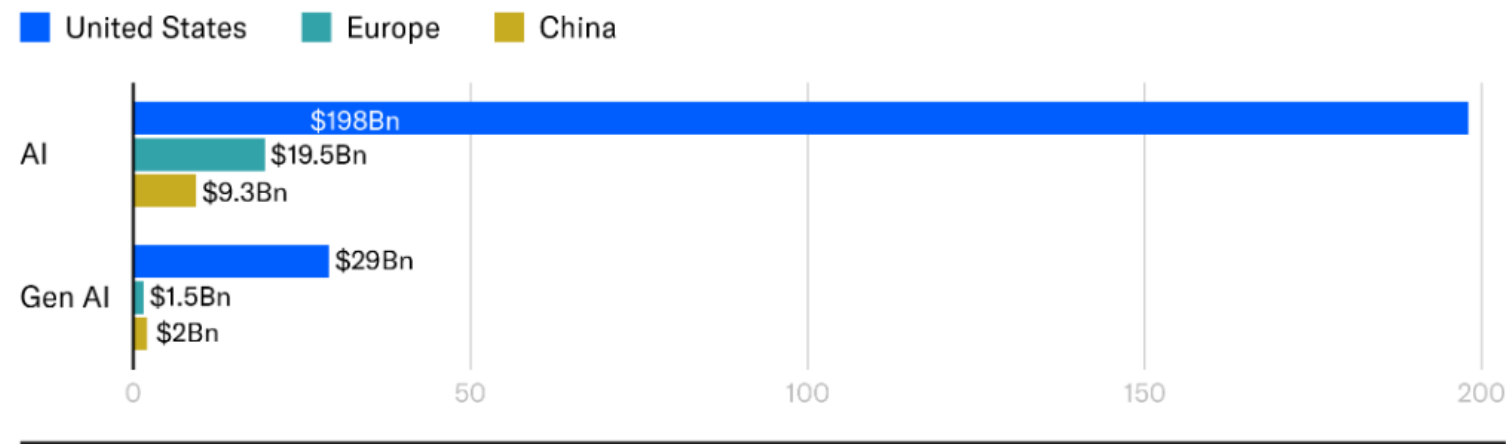


Source: Moody's Ratings

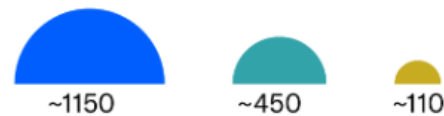
Regional divides

In 2025, the US led by far in funding and start-ups

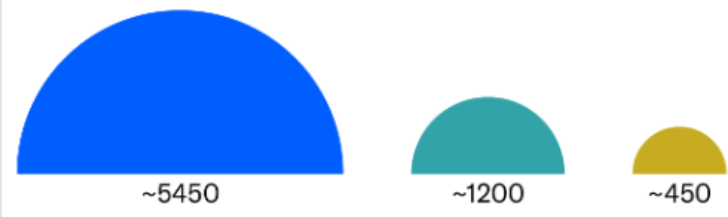
AI funding across regions



Number of AI start-ups



Number of data centers



Sources: Stanford AI Index 2025, Brightlio Data Center Stats, September 2025



Thank you

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