The bottom of the J

Why Big Tech's AI clouds make money while their cash flow turns negative.

AI clouds

third quarter 2026
company reports

	Growth	Margin
Google Cloud revenue $30.7B	+103%	36.2%
AWS sales $46B	+39.3%	38.7%
Microsoft Azure growth only	+48%	not reported

Free cash flow

company reports

	Year earlier	Now
Amazon last 12 months	$14.8B	-$42.4B
Alphabet third quarter	$24.5B	-$9.1B
Meta third quarter	$10.6B	-$2.1B

Capex, one quarter

to Sep 30, 2026
each company's measure

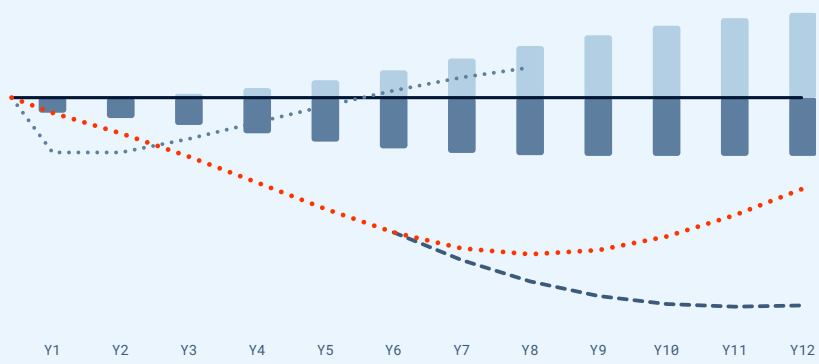
Amazon cash capex	$75.9B
Alphabet capital expenditures	$51.4B
Microsoft including finance leases	$45.2B
Meta including finance leases	$34.9B
Four companies	**$207.4B**

Already signed

backlog
Sep 30, 2026

Microsoft commercial, +73% in a year	$677B
Amazon backlog, mostly AWS	$578B
Google Cloud remaining performance obligations	$560.8B

Contracted revenue not yet earned. Each company defines it its own way; the AWS backlog of $496B in Nomura's coverage is not Amazon's own figure.



The J

illustrative,
not a forecast

One data center: the cash goes out up front and comes back over the following years.

A fleet that builds a bigger one every year: the bottom gets deeper and comes later.

The same fleet with emptier buildings: it never turns up.

Who pays the bill

Nomura expects the build-out to continue, paid for with **joint ventures, operating leases and the sale of future cash flows** rather than less capex. Meta's Hyperion is one: $27.3B of bonds until 2049, off Meta's balance sheet (milankillian.dev/spv.pdf).

What breaks it

Too much computing power, so revenue per gigawatt disappoints. Nomura sees that as unlikely near term. Watch **GPU rental prices, cloud growth and backlog**: if they slow, the J does not turn.

Sources: Alphabet, Amazon, Microsoft and Meta Q3 2026 earnings releases (SEC Form 8-K Ex. 99.1, Oct 21-29, 2026), Alphabet and Amazon Form 10-Q, earnings calls (Amazon, Alphabet transcripts via Yahoo Finance; Microsoft Investor Relations). Alphabet's year-earlier free cash flow is operating cash flow less purchases of property and equipment from its release. Nomura report of Nov 2, 2026 as covered by Wallstreetcn (via Futu); we have not seen the report itself. The J is ours, shaped after Nomura's cohort illustration. Research notes, not investment advice.