

U.S. Semiconductors & Semiconductor Capital Equipment

650 Group Call Takeaways

Increasing compute intensity and ramp of agentic AI supports additional network intensity.

The following company is privately held and is not under coverage by Barclays Research: 650 Group. Information about this company is being provided for information purposes only and is not an investment recommendation by Barclays Research.

Earlier this morning, we hosted a call with 650 Group in which we discussed key trends in networking, capex, supply chain bottlenecks, and agentic AI. Some key points made by the 650 Group in the conversation are below:

- Estimates Ethernet switch market at ~\$150B in 2030, and closer to \$250B when including InfiniBand, UAL, NVLink.
- Scale-up Ethernet to be led by AVGO, though he expects AMD to become majority Ethernet over time and NVDA GPUs/ASICs to also have some scale-up Ethernet by the end of the decade.
- UAL near-term will be used by AMZN and AMD, vs. long-term expects usage by AMZN and niche, one-off customers.
- Scale-across market expected at \$25B by 2030, vs. \$6B DCI + scale-across market in 2025 (scale-across only \$500M).
- Expects copper growth to continue through this decade and for CPO to become meaningful closer to 2030.
- Compared to NVL72, rack-scale solutions will likely have increased network intensity. More CPUs that have more cores will require entire network upgrades. CPUs being integrated into scale-up fabric also increases intensity. Sees x86 benefiting today because of existing applications, while startups can more easily use ARM architecture.
- Thinks OCS is not cannibalistic and is complementary to the network topology. Estimates OCS at a ~\$4.5-5B market using Google's current run-rate.
- Expects scale-up optics to employ a mix of high-powered and slow-and-wide solutions.
- Thinks the broad industry will remain constrained over the next couple of years (including InP supply), though expects to have enough power through the rest of the decade.
- Views capex spend over the next couple of years as sustainable.

Barclays Capital Inc. and/or one of its affiliates does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Please see analyst certifications and important disclosures beginning on page 2.

Completed: 27-Apr-26, 17:51 GMT Released: 27-Apr-26, 17:55 GMT Restricted - External

U.S. Semiconductors & Semiconductor Capital Equipment

NEUTRAL

U.S. Semiconductors & Semiconductor Capital Equipment

Tom O'Malley

+1 212 526 0692

thomas.omalley@barclays.com

BCI, US

Kyle Bleustein

+1 212 526 7618

kyle.bleustein@barclays.com

BCI, US

Matthew Pan

+1 212 526 4106

matthew.pan@barclays.com

BCI, US

Trip Smith

+1 212 526 4795

trip.smith@barclays.com

BCI, US

Cannon Kenney

+1 212 526 1087

cannon.kenney@barclays.com

BCI, US

