

Deep-Dive Investment Analysis — AI Infrastructure Hardware (Batch 1)

Date: February 13, 2026 | Analyst: Automated Research

Executive Summary

Three under-the-radar AI infrastructure hardware plays analyzed: **FN** (optical manufacturing), **MOD** (thermal management), and **CRDO** (electrical interconnects). Each occupies a different node of the AI data center supply chain. All three are riding the same secular tailwind — massive AI infrastructure buildout — but at very different stages of their cycles.

Metric	FN (Fabrinet)	MOD (Modine)	CRDO (Credo)
Price	\$500.57	\$219.96	\$121.34
RSI(14)	55.4 (neutral)	81.9 (overbought)	44.9 (neutral-bearish)
vs 50-day SMA	+5.3% above	+41.0% above	-14.3% below
vs 200-day SMA	+36.7% above	+65.5% above	-0.9% near
vs 52-wk High	-5.8%	-6.4%	-43.2%
vs 52-wk Low	+237.0%	+239.5%	+317.1%
Golden Cross	Yes	Yes	Yes
Uptrend (HH/HL)	Mixed — higher highs but NOT higher lows	No — parabolic breakout phase	No — lower highs, lower lows

1. FN (Fabrinet) — \$500.57

“The Foxconn of Photonics”

6-month chart: charts/FN_1d_6mo_*.png

Chart Analysis

Indicator	Value	Interpretation
Current Price	\$500.57	Near all-time highs

50-day SMA	\$475.54	Price 5.3% above — bullish but not extreme
200-day SMA	\$366.21	Price 36.7% above — strong long-term uptrend
RSI(14)	55.4	Neutral — room to run in both directions
52-wk High	\$531.22	Only 5.8% below — within striking distance
52-wk Low	\$148.55	+237% off the lows — massive move already
Golden Cross		50 SMA well above 200 SMA
MACD	1.44 / 1.34	Slightly bullish, histogram barely positive

Trend Structure: Mixed. Making **higher highs** (\$492 → \$511 → \$529) but recent swing lows show a dip (\$431 → \$450 → \$412), meaning the lows are NOT consistently higher. This is a **broadening** pattern — bullish bias but volatility increasing. The stock consolidated hard after its last breakout and is now recovering.

Verdict: Constructive. Trading near highs with a neutral RSI means it's not overextended. The broadening lows suggest some buyers are getting shaken out on pullbacks, but the higher highs signal institutional accumulation continues.

Moat Analysis

What makes them irreplaceable: - **100% market share on 1.6T transceivers** for Nvidia's Blackwell platform — they are literally the only manufacturer qualified - Process knowledge moat — as optical speeds increase (800G → 1.6T → 3.2T), manufacturing complexity increases **exponentially**. This is not something competitors can replicate in <3 years - 2 million sq ft Building 10 under construction, due year-end 2026 — massive capacity expansion that's pre-sold to customers - Moving into **co-packaged optics (CPO)** and **optical circuit switching (OCS)** — next-gen architectures where they have multi-customer engagement - Asset-light model: They manufacture for others (Coherent, Lumentum, InnoLight) — whoever wins the component war, Fabrinet wins

Customer Concentration Risk: - **HIGH**. Nvidia relationship is the growth driver. If Nvidia brings optical manufacturing in-house or diversifies to competitors, it would be a blow - Mitigating: They serve Sienna (DCI), Lumentum, Coherent, and others in telecom — it's not one customer - HPC (high-performance computing) revenue from a single customer ramping to \$150M+/quarter — this is almost certainly Nvidia - DCI revenue from "multiple customers, not just Sienna"

Barriers to Entry: - **Extremely high**. Clean room manufacturing at nanometer-scale optical tolerances is not something Foxconn or Jabil can replicate overnight - Decades of tribal knowledge in optical packaging - Customer qualification cycles take 12-18 months - Building a comparable factory from scratch would cost \$500M+ and 3+ years

🎙 Management Sentiment (Q2 FY2026 — Feb 2, 2026)

CEO Seamus Grady — Tone: VERY AGGRESSIVE

Key quotes: - “We delivered an exceptional second quarter with record revenue and earnings that significantly exceeded our guidance ranges” - “Demand continues to outstrip supply” in datacom - On CPO: “For many years, co-packaged optics has been just on the horizon, but right now, it’s much more real than it’s ever been” - On hyperscaler manufacturing: “quarters away rather than years away” from meaningful revenue - HPC ramp: “a little bit more than halfway... north of about \$150 million when fully ramped”

Guidance: Q3 revenue \$1.15B-\$1.20B (35% YoY growth), Non-GAAP EPS \$3.45-\$3.60 (40% YoY growth)

Capital Allocation: - Massive capex: \$52M in the quarter for Building 10 + Pinehurst campus - Minimal buyback: Only 12K shares at \$387 avg (~\$5M) — \$169M authorization remaining. They’re investing in growth, not financial engineering - Cash: \$961M — war chest for capacity expansion - Free cash flow negative this quarter (-\$5M) due to heavy investment — this is intentional

Assessment: Management is pedal-to-the-metal. Guiding UP aggressively, expanding capacity at maximum speed, and visibility keeps improving. No hedging or cautious language — pure confidence.

2. MOD (Modine Manufacturing) — \$219.96

“100-Year-Old Company Reborn as AI Cooling Play”

6-month chart: charts/MOD_1d_6mo_*.png

Chart Analysis

Indicator	Value	Interpretation
Current Price	\$219.96	Near all-time highs, parabolic move
50-day SMA	\$156.00	Price 41% above — EXTREMELY extended
200-day SMA	\$132.92	Price 65.5% above — parabolic
RSI(14)	81.9	OVERBOUGHT — highest of the three
52-wk High	\$235.02	Only 6.4% below
52-wk Low	\$64.79	+239.5% off lows
Golden Cross		Strong
MACD	21.3 / 17.6	Extremely bullish, wide spread

Trend Structure: This is NOT a classical higher-highs/higher-lows chart — it's a **parabolic breakout**. The stock went from \$111 in November to \$235 in February — more than doubling in 3 months. The recent swing structure shows a downtrend earlier (\$164 → \$167 → \$146 highs; \$120 → \$125 → \$111 lows) followed by a violent V-shaped breakout.

Verdict: Extremely extended. The RSI at 82 and price 41% above its 50-day SMA signal this is due for a pullback or consolidation. However, parabolic moves can persist longer than rational. The fundamental catalyst (Gentherm spinoff + data center ramp) is real.

⚠️ **Risk:** If you're not already in, chasing here requires high conviction. A pullback to the \$160-180 range would be healthy.

Moat Analysis

What makes them irreplaceable: - 100+ years of thermal management expertise, now pivoted to the hottest secular trend in industrial history - **Airedale by Modine** brand — purpose-built data center cooling (TurboChill 3+MW, liquid cooling solutions) - Specialized in precision cooling for high-density AI racks (100kW+ per rack) - U.S. manufacturing base — critical for domestic data center builds with increasing reshoring pressure - Already qualified with multiple hyperscalers — switching costs are high once cooling infrastructure is installed

Customer Concentration Risk: - **Moderate**. Data center cooling has multiple buyers (AWS, Microsoft, Google, Meta, plus colo providers) - Climate Solutions segment doing \$545M/quarter with 78% YoY growth in data center alone - Revenue diversification is actually improving as they add more DC customers

Barriers to Entry: - **Moderate-to-High**. Thermal engineering is complex, but companies like Vertiv (VRT) and Schneider Electric compete directly - Modine's edge: They're nimbler, more focused, and now spinning off the legacy auto/industrial business to become a pure-play - The TurboChill 3+MW product targets specifically AI-density cooling that most HVAC companies can't handle - Qualification cycles with hyperscalers add switching cost

Competitive Threat: Vertiv is the main competitor and is much larger. Schneider Electric, Nvent, and Carrier also play in this space. Modine's edge is specialization and speed, not scale.

🎙 Management Sentiment (Q3 FY2026 — Feb 5, 2026)

CEO Neil Brinker — Tone: VERY AGGRESSIVE / TRANSFORMATIONAL

Key quotes: - *"Modine delivered another quarter of outstanding performance, with 21% organic sales growth driven by a 78% increase in data center sales"* - *"The capacity expansion for data center products remains on schedule, with new production lines contributing to a 31% sequential increase"* - On Gentherm deal: *"This marks a major milestone in our strategic transformation... Modine will become a pure-play climate solutions company"*

Guidance (Raised): - FY2026 revenue growth: 20-25% - Climate Solutions segment: 40-45% growth - Adjusted EBITDA: \$455M-\$475M (raised from prior guidance)

Capital Allocation: - **Gentherm spinoff** — spinning off Performance Technologies as a Reverse Morris Trust. This is a massive strategic move — shedding the legacy auto/industrial business to become pure-play data center + HVAC - Post-deal, will be <1x levered — clean balance sheet - Buybacks: Completed 230K shares (~\$18.4M) but paused in Q3 — focus is on M&A for climate portfolio - Recent acquisitions: CDI, AbsolutAire, L.B. — bolt-on M&A to build out climate solutions

Pension termination: Took a \$116M non-cash charge to terminate U.S. pension plan — a one-time clean-up move. Smart de-risking.

Assessment: Management is executing a complete corporate transformation. The Gentherm spin-off is the biggest signal — they're betting the company on data center cooling. This is conviction, not hedging.

3. CRDO (Credo Technology) — \$121.34

“Solving the Copper Wall for AI Interconnects”

6-month chart: charts/CRDO_1d_6mo_*.png

Chart Analysis

Indicator	Value	Interpretation
Current Price	\$121.34	Well off highs, volatile
50-day SMA	\$141.54	Price 14.3% BELOW — bearish intermediate
200-day SMA	\$122.50	Price right at the 200-day — critical support level
RSI(14)	44.9	Neutral-bearish, not oversold
52-wk High	\$213.80	-43.2% below — deep drawdown
52-wk Low	\$29.09	+317% off lows
Golden Cross		Still intact but narrowing fast
MACD	-6.24 / -7.48	Below zero but improving (histogram turning positive)

Trend Structure: Lower highs, lower lows (\$213.80 → \$156 → \$165 highs; \$133 → \$125 → \$94 lows). This is a clear **downtrend** from the November peak. The stock has given back nearly half its gains.

However: The Feb 9 preliminary revenue blowout (\$404-408M vs \$335-345M guidance) sent the stock up 11% intraday and another 16% after hours. This may be the catalyst for a trend reversal — but the stock has since pulled back from the \$143 after-hours print.

Verdict: The 200-day SMA (\$122.50) is the key line in the sand. A close below it would be technically concerning. The MACD is turning up (histogram positive), suggesting momentum is shifting. This is the most contrarian setup of the three — high risk, high reward.

Moat Analysis

What makes them irreplaceable: - **88% global market share in Active Electrical Cables (AECs)** — they literally created this product category - World-class SerDes and DSP IP — their 224G technology is at the leading edge - AECs are critical for short-reach, high-bandwidth connections inside AI clusters — they solve the “copper wall” problem where traditional passive cables fail at higher speeds - **Blue Heron** retimer (3nm, 224G) — enables 40+ dB link recovery, best-in-class for rack-scale AI architectures - Optical DSP portfolio growing — 50G, 100G, and future 200G per lane

Customer Concentration Risk: - **VERY HIGH.** Microsoft has been the primary AEC customer. Amazon and Google are growing but still behind. - If Microsoft shifts to optical solutions or a competitor qualifies, CRDO takes a significant hit - Revenue concentration with hyperscalers means a single design win/loss can swing revenue 20%+

Barriers to Entry: - **High for AECs** — Credo has 5+ years of head start with custom SerDes IP - However, Broadcom (AVGO) is the 800-pound gorilla in connectivity and could compete if they chose to focus here - Cable vendors like TE Connectivity and Amphenol could integrate their own active silicon - The risk is that at 224G+ speeds, the debate between copper (AEC) and optical shifts — if optical wins for short-reach, Credo’s TAM shrinks - Seeking Alpha already flagged this: *“AI And Credo’s Copper Cables Are Breaking Up”* — noting growth may slow to 40% in FY27 from 173% in FY26

🎙 Management Sentiment (Prelim Q3 FY2026 — Feb 9, 2026)

CEO Bill Brennan / CFO Dan Fleming — Tone: AGGRESSIVE / CONFIDENT

Key data points: - Preliminary Q3 revenue: **\$404-408M** vs prior guidance of \$335-345M — a massive 18-20% beat - Q4 guidance: Mid-single-digit sequential growth — implies ~\$420-430M - FY26 revenue tracking to ~\$1.2B (173% YoY growth) - Non-GAAP gross margin: 67.7% in Q2 — exceptional for a hardware company - Cash: \$813.6M — strong balance sheet, no debt concerns

Capital Allocation: - No major acquisitions announced - R&D focused on 224G products (Blue Heron retimer) - Building out production capacity for AEC demand - Cash-rich — \$813.6M and growing. No buybacks yet (growth phase company)

Concerns: - Inventory days rising from 83 to 140 — could signal either strong demand preparation OR future slowdown - FY27 growth projected to decelerate sharply to ~40% — still great but the market may not pay growth multiples for deceleration - Product transition risk: As the industry moves to 224G, qualification cycles restart

Assessment: Management just delivered a massive upside surprise. The question is whether this represents sustainable acceleration or a pull-forward. The mid-single-digit Q4 sequential guidance suggests it's not a one-quarter anomaly, but the market is already pricing in perfection.

Comparative Analysis

Risk/Reward Matrix

Factor	FN	MOD	CRDO
Fundamental Strength	★★★★★	★★★★★	★★★★★
Technical Setup	★★★★	★★ (extended)	★★★ (bottoming?)
Moat Durability	★★★★★	★★★	★★★★★
Customer Concentration Risk	△ High	Moderate	△△ Very High
Management Execution	★★★★★	★★★★★	★★★★★
Valuation Risk	Moderate	High (parabolic)	High (growth premium)

Who Wins in Each Scenario?

Scenario 1: AI capex continues accelerating → All three win. MOD and CRDO have more upside leverage. FN is the safest.

Scenario 2: AI capex plateaus / moderates → FN best positioned (diversified revenue, asset-light). CRDO most exposed (single product category). MOD has Gentherm spinoff as catalyst regardless.

Scenario 3: Optical wins over copper (long-reach AND short-reach) → FN wins big (they make optics). CRDO faces TAM compression. MOD unaffected.

Scenario 4: Recession / macro shock → FN most defensive (still has telecom, auto, industrial). MOD has legacy business cushion (soon spinning off). CRDO most vulnerable (early-stage growth company).

Bottom Line

Ticker	Verdict	Entry Strategy
FN	Strongest overall. Best moat, best management, neutral technicals. The “sleep at night” pick.	Buy on pullbacks to \$450-470 (50-day SMA area). Already ownable here.
MOD	Best transformation story. Gentherm spinoff is a game-changer. But	Wait for pullback to \$170-180 range. Don’t chase the parabola.

overbought —
patience needed.

**Highest upside,
highest risk. 88%**

CRDO AEC share is incredible but customer concentration and copper-vs-optical debate create uncertainty.	The 200-day SMA (\$122.50) is your line. If it holds, buy. If it breaks, wait for \$100-105.
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Charts Generated

- charts/FN_1d_6mo_1771009850911.png — Fabrinet 6-month daily
 - charts/MOD_1d_6mo_1771009859384.png — Modine 6-month daily
 - charts/CRDO_1d_6mo_1771009867817.png — Credo 6-month daily
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Data sourced from Yahoo Finance, company earnings releases, Motley Fool transcripts, Seeking Alpha, StockTitan, and public filings. Analysis date: Feb 13, 2026.