

# Tiger Portfolio — Due Diligence Report

Prepared for Anirudh | February 14, 2026

## 1. Growth & Margins Overview

Ticker	Company	YoY Rev Growth	Gross Margin	Notes
CRDO	Credo Technology	+272%	~62-64%	Hypergrowth, AEC dominance
ALAB	Astera Labs	+92%	75.7%	Connectivity/CXL leader
FN	Fabrinet	+36%	12.4%	Contract mfg (structural)
NVT	nVent Electric	+35%	~38.6%	Liquid cooling for DCs
PWR	Quanta Services	+24%	~15%	Services model (structural)
COHR	Coherent Corp	+17-22%	36.9-39%	Optical/photonics

FN and PWR have structurally lower margins by design — FN is contract manufacturing, PWR is electrical services. Their edge is asset efficiency and scale, not margin expansion.

## 2. Customer Concentration Risk

Ticker	Largest Customer	Top Customer %	Risk Level
CRDO	Amazon (not MSFT)	42% (was 86% at peak)	High but improving
ALAB	Amazon (AWS)	Top 3 = ~80%	High
FN	NVIDIA	~35% (top 2 >50%)	High
COHR	Diversified	No single >12%	🟡 Healthy
NVT	Diversified	No single >12%	🟡 Healthy
PWR	Diversified	No single >12%	🟡 Healthy

**CRDO detail:** Amazon is actually the #1 customer (confirmed via AWS CEO photos of Trainium racks with Credo cables). Concentration peaked at 86% in FQ3 FY25, now down to 42% with 4 customers >10% (Amazon 42%, likely Microsoft 24%, xAI 16%, Meta 11%). A 5th hyperscaler started initial revenue in FQ2 FY26. Trend is clearly improving but still very concentrated in AI capex.

**ALAB detail:** Amazon relationship deepened with a **\$6.5B cumulative purchase warrant** (3.26M shares at \$142.82, expires 2033). Microsoft confirmed for CXL memory. Google, NVIDIA, AMD, Intel all confirmed partners. Expanding from 1 to 3+ hyperscalers for Scorpio switches in 2026.

**FN detail:** NVIDIA at 35% is the key risk, but the relationship is actually deepening — NVIDIA's goal to increase self-production of optical modules from 15-20% → 50%+ is *bullish* for FN since FN manufactures those in-house designs. AWS partnership and DCI growth are diversifying.

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### 3. Space Datacenters Impact (Elon's Plans)

**Bottom line: Not a real threat. 20+ years away at minimum.**

Per ESPI (European Space Policy Institute), competitive space datacenters are decades out. Key reasons:

- **Cooling is HARDER in space**, not easier — no fluid convection, only radiative cooling. NVT's liquid cooling expertise could actually be *more* valuable in space.
- Starship hasn't reached stable orbit yet for cargo missions at the scale needed.
- Electronic components degrade within ~5 years from radiation exposure.
- No repair or maintenance capability exists in orbit.
- The economics don't work — terrestrial DCs cost ~\$10-15/watt, space would be orders of magnitude higher.

**Impact by ticker:** - NVT: Cooling needed MORE in space, not less. No threat. - ALAB/CRDO: Chip-to-chip connectivity is physics-agnostic — needed whether racks are on Earth or in orbit. No threat. - FN: Optical interconnects needed regardless of location. No threat.

This is sci-fi on Musk's timeline. Our picks are safe.

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### 4. ALAB Deep Dive

#### What caused the ~49% stock decline?

- **All-time high:** \$251.88 (Sept 18, 2025), intraday peak \$262.90
- **Current:** ~\$129-134 (Feb 14, 2026)
- **Drivers:**
  - Valuation compression from extreme multiples (100x+ P/E)
  - Q3 earnings selloff (Nov 2025) despite beating consensus — buy-side whisper numbers were higher
  - Fresh **10% drop post-Q4 earnings** (Feb 10-11, 2026) on margin compression guidance and CFO departure
  - Rising opex from acquisitions and Israel R&D expansion
- **NOT a fundamental deterioration** — revenue still growing 92% YoY with 75.7% gross margins

#### CFO Departure

- **Mike Tate** retiring, effective March 2, 2026 (notified Feb 4)
- **Successor:** Desmond Lynch, current CFO of Rambus — \$500K base + \$9M equity package
- 8-K explicitly states “no disagreements” and “not related to operations, policies, or practices”
- Tate staying on as Strategic Advisor to CEO through Sept 2026
- **Assessment:** Orderly transition. Suboptimal timing alongside earnings, but no red flags.

## Fraud Concerns

● **Clean bill of health.** No SEC investigations, no short seller reports (Hindenburg/Muddy Waters/Citron), no class-action lawsuits, no auditor changes, no whistleblower complaints. Warrant accounting is complex but legitimate.

## Hyperscaler Adoption

Hyperscaler	Status	Products
<b>Amazon (AWS)</b>	Major customer	Smart fabric switches, signal conditioning, optical engines. \$6.5B warrant.
<b>Microsoft (Azure)</b>	Confirmed	First-ever CXL memory deployment (Leo controllers for M-Series VMs)
<b>Google</b>	Confirmed partner	—
<b>NVIDIA</b>	Confirmed partner	—
<b>AMD, Intel</b>	Confirmed partners	—

Scorpio switches expanding from 1 hyperscaler to 3+ in 2026.

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## 5. FN (Fabrinet) Deep Dive

### Gross Margins

- **~12% gross margin, ~10% operating margin** — stable in a 1% band for 5+ years
- This is 2-3x higher than broad EMS peers (Jabil/Flex at 4-5% operating)
- 12% IS the structural contract manufacturing margin — this isn't being “squeezed” by NVIDIA
- FN's edge is precision optical specialization, not IP ownership
- **\$0 R&D spend** — customers fund the engineering, FN executes

### NVIDIA Reliance

- **NVIDIA = 35% of FY2024 revenue** (up from 12.5% prior year)

- Top 3 customers = 51.5% of Q1 FY2026 revenue
- **Key insight:** NVIDIA wants to increase in-house optical module production from 15-20% → 50%+. This is actually BULLISH for FN because FN is who manufactures NVIDIA's self-designed modules.
- AWS partnership and DCI (data center interconnect) growth are diversifying revenue.

## Optical Transceiver Landscape

**Who made transceivers for NVIDIA's older chips?** - 400G era: **Innolight** dominated merchant transceivers - 800G era: **Coherent** took #1 merchant position - FN manufactured NVIDIA's smaller self-designed portion — this role has grown dramatically

**Who makes transceivers for AMD and others?** - AMD does NOT self-design transceivers — AMD systems use standard merchant modules (Innolight, Coherent) - Broadcom and Marvell supply DSP silicon that goes INSIDE transceivers (different layer) - Marvell has its own COLORZ coherent modules (partly manufactured by Fabrinet)

## FN vs COHR — Different Parts of the Value Chain

This is the critical distinction: - **Coherent** = designs + manufactures its own branded transceivers (vertical) - **Fabrinet** = contract manufactures NVIDIA's in-house designs (horizontal) - Any "100% market share" claim refers ONLY to NVIDIA's self-designed 1.6T stream, not the total transceiver market - Coherent is actually a **Fabrinet customer** for some products AND an emerging NVIDIA second source - They're both partner and emerging competitor — complex relationship

### "Asset Light" Claim

- Normal-state capex: **2-3% of revenue** (currently 4.5% due to Building 10 expansion)
- Compare: Coherent 8-12%, Lumentum 6-10%
- Why lower: customers often provide/fund specialized equipment, \$0 R&D, Thailand construction costs are a fraction of US
- **Zero debt, \$969M cash**
- Better described as "**asset efficient**" than truly "asset light"

## 6. CRDO (Credo Technology) Deep Dive

### Customer Concentration History

Quarter	Largest Customer	% of Revenue	# of >10% Customers
FQ2 FY25 (Oct '24)	Amazon	~25-30%	3
FQ3 FY25 (Jan '25)	Amazon	<b>86%</b>	1 (extreme ramp)
FQ4 FY25 (May)			

'25)	Amazon	<b>61%</b>	3 (61%, 12%, 11%)
FQ1 FY26 (Aug '25)	Amazon	~35%	3
FQ2 FY26 (Nov '25)	Amazon	<b>42%</b>	4 (42%, 24%, 16%, 11%)

**Full FY2025 10-K:** One customer = 67% of total annual revenue.

## Confirmed Hyperscaler Customers

1. **Amazon/AWS** — #1 by far (AECs for AI clusters, Trainium racks)
2. **Microsoft/Azure** — #2 or #3, >10% revenue
3. **xAI (Musk)** — Colossus data center uses Credo purple AEC cables
4. **Meta** — Ramped to >10% in FQ2 FY26 (confirmed via OCP rack photos)
5. **5th hyperscaler** — Initial revenue started FQ2 FY26 (possibly Google or Oracle)

## Product Mix

- **AECs (Active Electrical Cables):** ~90%+ of product revenue — the bread and butter
- **Line card retimers:** Networking OEMs, hyperscalers
- **Optical DSPs:** 10+ optical module vendors
- **SerDes IP licensing:** <5% of revenue, deprioritized
- **PCIe retimers:** New product, first ODM commitment, production revenue expected CY2026

## Market Position

- **88% market share in AECs** (650 Group estimate) — massive moat
- Provides pricing power and high switching costs
- But 93% of revenue still comes from just 4 hyperscalers — this is fundamentally an AI capex cycle play

## Summary: Risk Matrix

Ticker	Growth	Margins	Concentration	Space DC Risk	Overall
<b>ALAB</b>	● 92%	● 75.7%	● High but diversifying	● None	Strong pick
<b>CRDO</b>	● 272%	● 62%	Very high (improving)	● None	High risk/reward
<b>FN</b>	● 36%	● 12% (structural)	● NVDA 35%	● None	Solid, watch NVDA
<b>NVT</b>	● 35%	● 38.6%	● Diversified	● None (bullish)	Clean profile
<b>COHR</b>	● 17-22%	● 37-39%	● Diversified	● None	Weakened chart

*Report compiled by Narada* | Tiger Portfolio | February 14, 2026  
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