

September 29, 2025 02:00 PM GMT

Video | North America

What Did We Learn and What Matters Next: Data Center Gigawatt Deep Dive and GOOGL/META Ad Checks | Ep. 202

Brian and Matt talk their cost per GW deep dive (let us know if interested in interactive model), client feedback, and latest trends in digital ads into 3Q.

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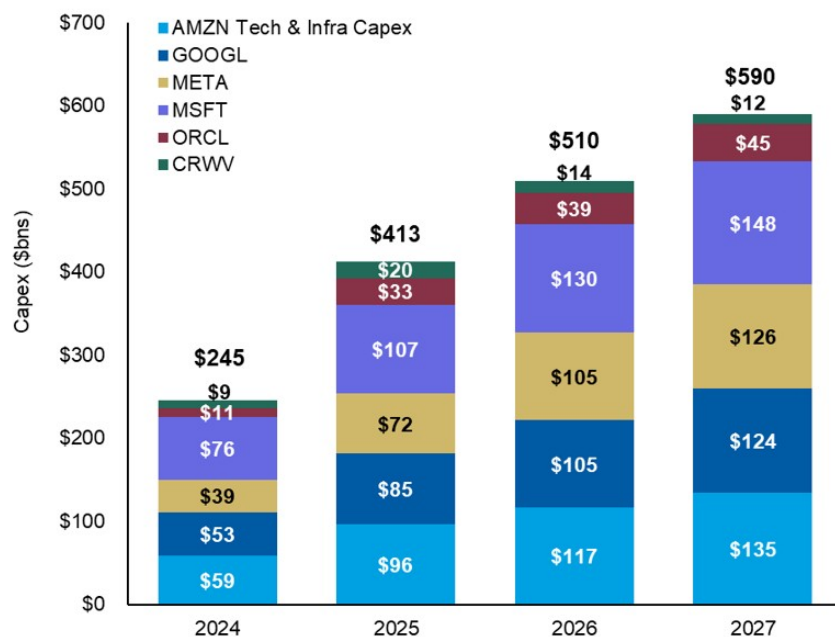


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Exhibit 1: Our interactive cost per GW model estimates every GW will cost roughly \$40bn

	Prometheus	Hyperion @ 5GW
MegaWatts	1020	5000
Rack Costs		
Chip Type	Blackwell	Rubin Ultra
Chips	500,000	980,392
Chips per Rack	72	144
Die per Chip	2	4
Die per Rack	144	576
Racks	6,944	6,808
kW per Rack	120	600
Rack kW to Chip ratio	1.7	4.2
Total Rack kW's	833	4,085
Implied Other kW's	187	915
System kW uplift	22%	22%
Cost per Chip	\$40,000	\$70,000
Implied Total in Rack Chip Cost (mns)	\$3	\$10
Implied Chip Cost per mW (mns)	\$24	\$17
Cost per Rack (mns)	\$4	\$13
% Premium to Chip Cost	129%	129%
\$ Rack Cost per MW (mns)	\$31	\$22
Total Rack Cost (mns)	\$25,833	\$88,644
Total Other Data Center Costs (mns)	\$14,103	\$61,781
Total System Cost (mns)	\$39,937	\$150,425
Cost per MW	\$39.15	\$30.08

Exhibit 2: We see data center capex reaching \$500bn+ in 2026**Related Research:**

[Internet: Top Debates, Catalysts and Picks into '26 \(September 16, 2025\)](#)

[Internet: 10 Debates to Shape the Sector \(June 5, 2025\)](#)

[Internet: Where Are We Trading Now: Through Agentic Headlines and Fed Cuts \(September 23, 2025\)](#)

VIDEO SERIES

What Did We Learn...and What Matters Next

Brian Nowak and colleagues discuss key recent learnings and developing debates across the Internet sector ►



Valuation Methodology and Risks

Alphabet Inc. (GOOGL.O)

Our price target is determined using a discounted cash flow/discount to long-term EBITDA multiple. It implies a ~14X 2025e adjusted EBITDA. Our DCF uses a ~9% WACC and a ~3% terminal growth rate (in line with other growth-oriented internet companies). Our multiple based valuation uses a 10.9x EV/NTM EBITDA multiple

Risks to Upside

- New products generate higher than expected top line contribution.
- Capital returns through greater share buybacks.
- Hiring and/or spend per headcount is lower than expected.

Risks to Downside

- High exposure to SMB and travel could pressure ad revenue in a recession
- Improved disclosure around the Google and Other Alphabet segments may not decrease the overall investment activity of the business.

Meta Platforms Inc (META.O)

Our price target is determined using a discounted cash flow/long-term EBITDA multiple. It implies a ~13.8X 2026e adjusted EBITDA. Our DCF uses an ~9% WACC and a ~3% terminal growth rate

Risks to Upside

- Faster than expected Reels monetization & higher engagement growth
- Increased benefit from AI investment
- Revenue driven by subscriptions and/or click-to-message ads
- Further efficiency improvements drive outsized FCF growth

Risks to Downside

- Macro pressures/weaker consumer spend
- Regulation impacts ability to target ads
- Reality labs losses widen further
- Mis-execution risk could result in higher LT capital intensity

Pinterest Inc (PINS.N)

Our PT reflects our blended discounted cash flow/multiple valuation, using a WACC of ~9% and terminal growth rate of 2.5% (in line with other structural growth oriented companies).

Risks to Upside

- International monetization and 3P partnerships ramp
- PINS grows engagement, adds new use cases and monetizes faster
- AI drives ad relevancy and ad load improvements

Risks to Downside

- ARPU grows slower than expected as international markets are harder/more expensive to scale than previously thought
- PINS is unable to drive ad pricing growth, as ad efficacy, targeting, and attribution improve slower than expected

Reddit Inc (RDDT.N)

Our PT reflects ~27X EV/26 EBITDA. We analyze valuation based on a peer regression of a revenue growth adjusted multiple and adjusted EBITDA margin. Our \$230 PT is a discount to the regression implied valuation.

Risks to Upside

- Faster user growth
- Ad revenue ramps faster than expected
- Incremental data licensing deals

Risks to Downside

- Slower user growth
- Competition for user time/attention and ad dollars
- Content appropriateness and brand safety
- GenAI long term disruption risk
- FTC inquiry

