



## AI Is Devouring All the Cash

Artificial intelligence (AI) has been the driving force behind equity markets for some time now.

Each quarter we get rosy forecasts for future revenue potential and headlines that fuel the hype train.

But behind the headlines, lies the truth: AI is taking all the cash from the biggest names in the market. In fact, in just five quarters (2025 through 1Q26), Alphabet (GOOGL), Microsoft (MSFT), Meta (META), Amazon (AMZN), and Oracle (ORCL) burned a combined \$563 billion in free cash flow (FCF).

Armed with the latest data from 1Q26 filings, we update our [AI Winners and Losers](#) series to show how AI is killing the cash flows and crushing the balance sheets of the biggest AI companies.

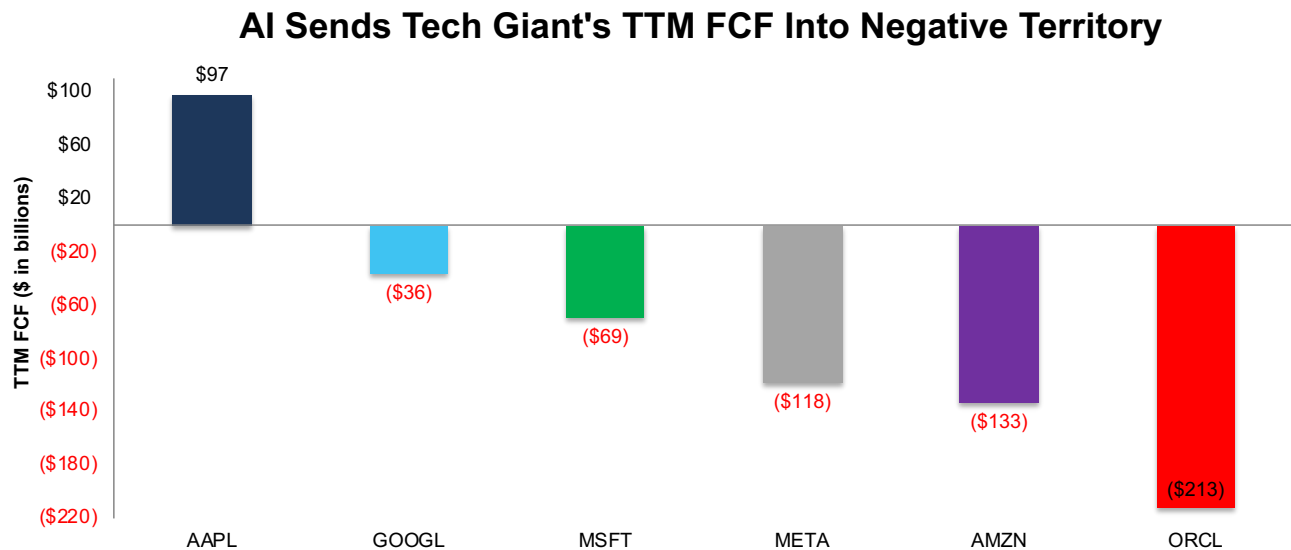
### AI's Cash Incinerator

As first noted in [Danger Zone: The Losers in the AI Arms Race](#), the AI race has turned cash printing machines into huge cash incinerators.

Figure 1 shows the latest quarterly free cash flow figures, and the picture is clearer than it was in [November 2025](#) and [February 2026](#). Only Apple (AAPL) remains free cash flow positive.

All other AI giants burned billions in cash over the trailing-twelve-months (TTM).

**Figure 1: TTM Free Cash Flow (FCF) of the Top Spenders in the AI Race**



Sources: New Constructs, LLC and company filings

Due to fiscal years, Oracle data is the TTM ended February 28, 2026. Apple data is the TTM ended March 28, 2026. All other data is TTM ended March 31, 2026

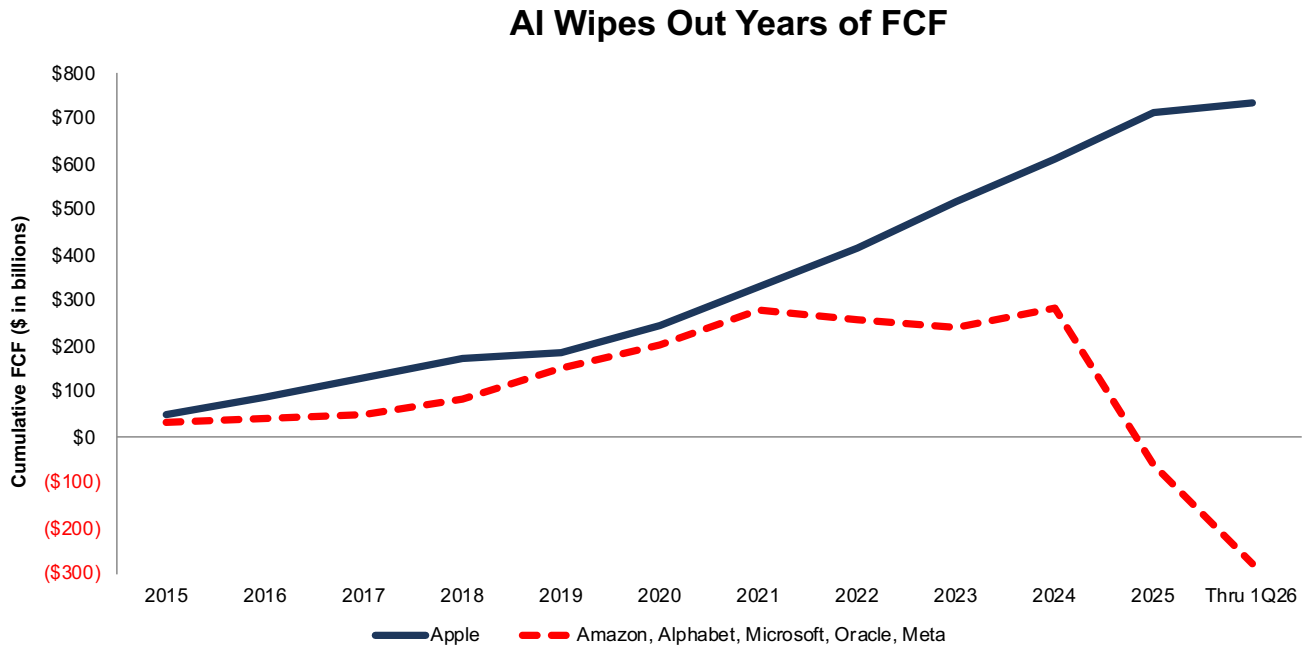
From calendar 2015 through 1Q26, each of the companies in Figure 1 generated the following cumulative FCF:

- Apple: \$734 billion
- Alphabet: \$259 billion
- Microsoft: \$63 billion
- Meta: **(\$19) billion**
- Oracle: **(\$182) billion**
- Amazon: **(\$397) billion**

Figure 2 illustrates the recent decline in FCF between Apple and the rest of the AI spenders. Microsoft is particularly noteworthy. From calendar 2015-2022, Microsoft generated \$174 billion cumulative FCF. From calendar 2023 through 1Q26, the company burned \$111 billion in cumulative FCF.



**Figure 2: Cumulative FCF of AI Spenders: 2015 – 1Q26**



Sources: New Constructs, LLC and company filings  
 Due to fiscal years, Oracle data is from November 2015 through February 2026. Apple data is from December 26, 2015 through March 28, 2026. All other data is from December 31, 2015 through March 31, 2026

**Decades of Cash Generation Gone**

The cash burn is even more alarming when we analyze the group as a whole.

From 2015-2024, Apple, Amazon, Alphabet, Meta, Microsoft, and Oracle generated a combined \$897 billion in cumulative FCF.

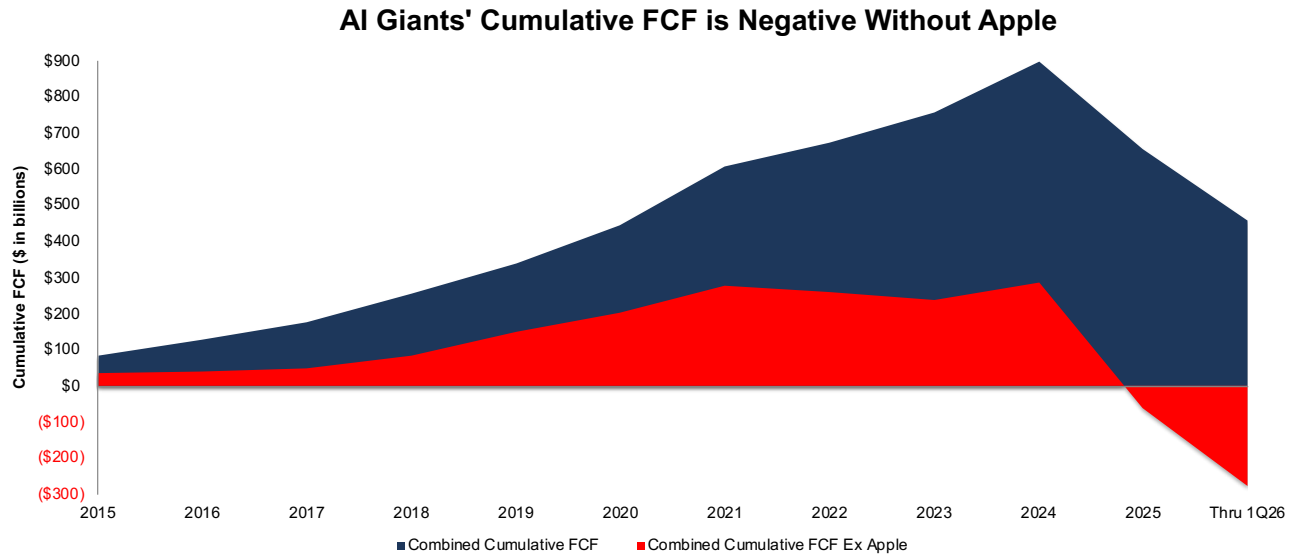
In calendar 2025 and 1Q26, those companies burned a combined \$440 billion in FCF. Figure 3 illustrates the stark drop in FCF since 2024.

When we remove Apple, the combined cumulative FCF of Amazon, Alphabet, Meta, Microsoft, and Oracle from calendar 2015 through 1Q26 is actually -\$277 billion. From 2015-2024, the cumulative FCF of these companies was \$286 billion. In other words, from calendar 2025 through 1Q26, these five companies burned \$563 billion in FCF.

AI wiped out many years of positive FCF generation, and we're just getting started.



**Figure 3: Combined Cumulative FCF of AI Spenders: 2015 – 1Q26**



Sources: New Constructs, LLC and company filings  
 Companies in the “Combined Cumulative FCF” analysis include Apple, Amazon, Alphabet, Meta, Microsoft, and Oracle.  
 Due to fiscal years, Oracle data is from November 2015 through February 2026. Apple data is from December 26, 2015 through March 28, 2026. All other data is from December 31, 2015 through March 31, 2026

**Off-Balance Sheet Debt Continues to Soar**

In our original analysis, we revealed that the true spending on AI emerges only fully when you look at the footnotes and find the off-balance sheet debt.

Not-yet-commenced leases are a new way to [hide debt off the balance sheet](#) post recent accounting rule changes ([ASC 842](#) and [IFRS 16](#)). We find and include these lease obligations in our total debt and [invested capital](#) calculations to ensure we capture all the capital companies employ to generate revenue.

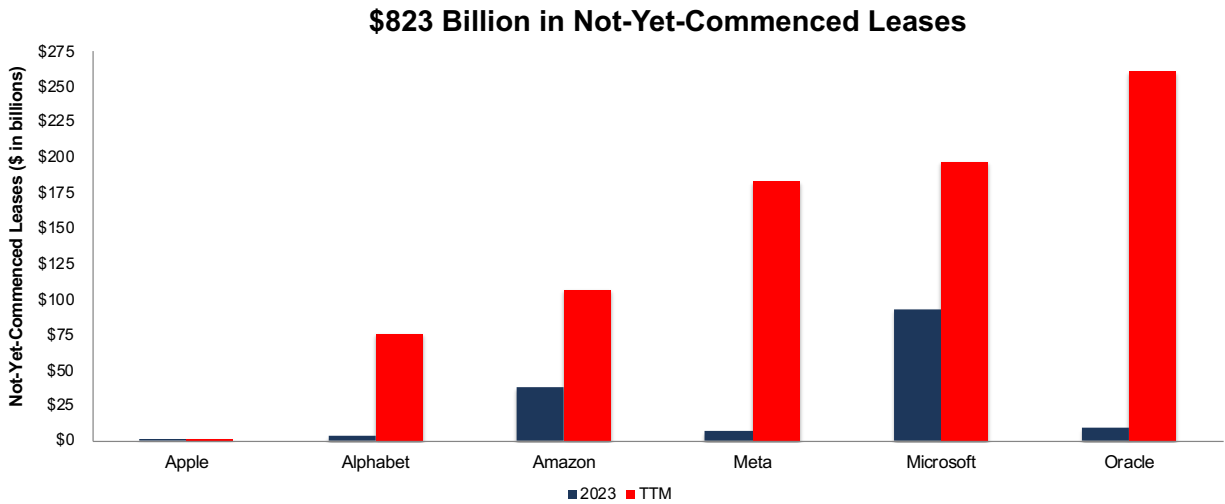
Since that original report, the liabilities associated with the AI race have soared even higher.

From calendar 2023 to calendar 1Q26, the value of not-yet-commenced leases at Apple, Alphabet, Amazon, Meta, Microsoft, and Oracle increased \$671 billion.

Combined, these companies hold \$823 billion in not-yet-commenced leases off-balance sheet, which is up from just \$152 billion at the end of calendar 2023. See Figure 4.



**Figure 4: Not-Yet-Commenced Leases: AI Spenders: 2023 – 1Q26**



Sources: New Constructs, LLC and company filings  
 Due to fiscal years, Oracle’s data is from November 2023 through February 28, 2026. Apple’s data is from December 30, 2023 through March 28, 2026. All other data is from December 31, 2023 through March 31, 2026

We think most investors are unaware of the huge increase in liabilities for these companies, and as a result, are missing the huge drain on cash flows highlighted above.

The increase in not-yet-commenced leases in one quarter alone illustrates the speed at which AI spend is rising:

**Figure 5: Not-Yet-Commenced Leases Rise in 1Q26**

Not-Yet-Commenced Leases (\$B)				
Company	Ticker	2025	1Q26	Increase
Meta	META	\$104	\$183	\$79
Microsoft	MSFT	\$155	\$197	\$42
Alphabet	GOOGL	\$59	\$76	\$17
Oracle	ORCL	\$248	\$261	\$13
Amazon	AMZN	\$96	\$106	\$10
<b>Total</b>				<b>\$161</b>

Sources: New Constructs, LLC and company filings  
 Due to fiscal years, Oracle’s data is from November 30, 2025 through February 28, 2026. All other data is from December 31, 2025 through March 31, 2026

**We’re Going to Need a Bigger Fire Extinguisher to Put Out This Fire**

In an attempt to ease the massive cash burn, companies are laying off thousands of employees.

We pointed out how these corporate actions are just a band-aid, and not a long-term solution, in our report [Shareholders Vs. Employees: The Next AI Tradeoff](#).

Since then, the layoffs have only accelerated.

1. “Amazon laying off about 14,000 corporate workers as it invests more in AI” – [Oct 2025](#)
2. “Amazon laying off about 16,000 corporate workers in latest anti-bureaucracy push” – [Jan 2026](#)
3. “Oracle cutting thousands in latest layoff round as company continues to ramp AI spending” – [Mar 2026](#)
4. Meta to cut one in 10 jobs after spending billions on AI – [Apr 2026](#)
5. Microsoft Offers Buyouts to About 7% of US Workers – [Apr 2026](#)

Bloomberg [noted](#) the Meta and Microsoft layoffs were part of an effort to (emphasis added) “streamline operations and **offset heavy spending on artificial intelligence.**”



These cuts will no doubt free up some cash and allow each company to remain in the AI race a little longer.

However, they function more like a hand-held fire extinguisher on a five-alarm fire. There is a limit to how many employees a company can lay off before seeing diminishing returns. Without a change in AI spend, the cash burn looks as if it will force some major companies to quit or go bankrupt.

### Diligence Drives Alpha

Long before we provided a deep dive on the peril of top AI spenders, we scoured the market for undervalued AI stocks that were poised to win big in the AI boom.

Through this work, we found two companies:

1. Photonics (PLAB) – Photomasks & Microchips – [October 19, 2023](#)
2. Arrow Electronics (ARW) - An AI/Semiconductor Stock that the Market Is Missing – [July 10, 2024](#)

Since our original reports, PLAB and ARW are up 180% and 60%, respectively, and have outperformed the S&P 500 by 105% and 27%, respectively.

Meanwhile, since we first warned about Oracle and its weak standing in the AI race on November 10, 2025, the stock is down 17%.

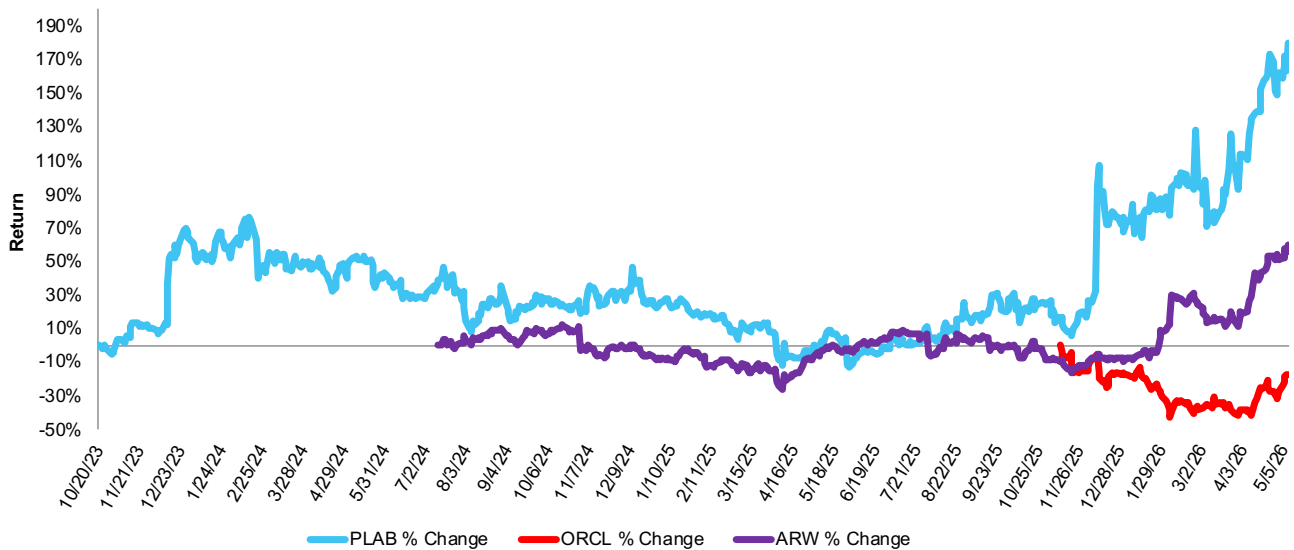
Since that warning, PLAB is up 144%, ARW is up 77%, and the S&P 500 is up 8%.

[Superior fundamental data](#) doesn't just identify potential risks, it also finds winners in a crowded market.

Figure 6 shows the performance of PLAB, ARW, and ORCL since we published our reports on each.

**Figure 6: Performance of AI Picks: Through May 8, 2026**

### Superior Data Identifies Winners



Sources: New Constructs, LLC and company filings

This article was originally published on [May 11, 2026](#).

Disclosure: David Trainer and Kyle Guske II receive no compensation to write about any specific stock, style, or theme.

Questions on this report or others? Join our [online community](#) and connect with us directly.



## *It's Official: We Deliver the Best Fundamental Data in the World*

Many firms claim their research is superior, but none of them can prove it with independent studies from highly-respected institutions as we can. Three different papers from both the public and private sectors show:

1. The stock market is missing footnotes – and only we have that critical data.
2. Legacy fundamental datasets suffer from significant inaccuracies, omissions, and biases.
3. Our proprietary drives novel alpha. Our measures of [Core Earnings](#) and [Earnings Distortion](#) materially improve stock picking and forecasting of profits.

### **Best Fundamental Data in the World**

In [The Journal of Financial Economics](#), a top peer-reviewed journal, [Core Earnings: New Data & Evidence](#) proves our Robo-Analyst technology overcomes material shortcomings in legacy firms' data collection processes to provide superior [fundamental data](#), [earnings](#) models, and [research](#). More [details](#).

Key quotes from the paper:

- “[New Constructs’] *Total Adjustments* differs significantly from the items identified and excluded from Compustat’s adjusted earnings measures. For example... 50% to 70% of the variation in *Total Adjustments* is not explained by S&P Global’s (SPGI) *Adjustments* individually.” – pp. 14, 1<sup>st</sup> para.
- “A final source of differences [between New Constructs’ and S&P Global’s data] is due to data collection oversights...we identified cases where Compustat did not collect information relating to firms’ income that is useful in assessing core earnings.” – pp. 16, 2<sup>nd</sup> para.

### **Superior Models**

Ernst & Young features the superiority of our ROIC, NOPAT and Invested Capital research to Capital IQ & Bloomberg’s in [Getting ROIC Right](#). See the [Appendix](#) for direct comparison details.

Key quotes from the paper:

- “...an accurate calculation of ROIC requires more diligence than often occurs in some of the common, off-the-shelf ROIC calculations. Only by scouring the footnotes and the MD&A [ as New Constructs does] can investors get an accurate calculation of ROIC.” – pp. 8, 5<sup>th</sup> para.
- “The majority of the difference...comes from New Constructs’ machine learning approach, which leverages technology to calculate ROIC by applying accounting adjustments that may be buried deeply in the footnotes across thousands of companies.” – pp. 4, 2<sup>nd</sup> para.

### **Superior Stock Ratings**

Robo-Analysts’ stock ratings outperform those from human analysts as shown in this [paper](#) from Harvard Business School. Bloomberg features the paper [here](#).

Key quotes from the paper:

- “the portfolios formed following the buy recommendations of Robo-Analysts earn abnormal returns that are statistically and economically significant.” – pp. 6, 3<sup>rd</sup> para.
- “Our results ultimately suggest that Robo-Analysts are a valuable, alternative information intermediary to traditional sell-side analysts.” – pp. 20, 3<sup>rd</sup> para.

Our mission is to provide the best fundamental analysis of public and private businesses in the world and make it affordable for all investors, not just Wall Street insiders.

We believe every investor deserves to know the whole truth about the profitability and valuation of any company they consider for investment. More details on our cutting-edge technology and how we use it are [here](#).



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