Market Talk

AMD and OpenAI sign multi-billion dollar contract to boost AI infrastructure.

OCTOBER

2025

bradesco
investments

AMD and OpenAI ink deal for new AI partnership

AMD and OpenAI have announced on October 6 a deal that AMD has stated could result in tens of billions of dollars in revenues over the next half-decade. The infrastructure deal signed by the two parties involves the deployment of 6 gigawatts (GW) of AMD graphic processing units (GPUs) over multiple years in what could amount to billions of revenue for AMD. In return, OpenAI receives share warrants for as many as 160 million shares, equivalent to 10% of the chip company, that will vest over time as different goals are achieved.

AMD's revenues were $25.8 billion in 2024 and consensus estimates are for this to rise to approximately $33 billion in 2025. The first phase of the deal includes the deployment of 1GW scheduled to begin in the second half of 2026 using AMD's MI450 series of GPUs. The remaining 5 GW would be deployed over time and would use future generations of AMD Instinct chips. The deal is also contingent on AMD's stock reaching certain levels, including a tranche that is tied to AMD's stock reaching $600. AMD stock rose 33% at the open on Monday to near its all-time high of $227/share.

AI Demands Large Investments and Power

The deal is a sign of further diversification away from Nvidia chips by OpenAI. The two companies recently signed a $100 billion agreement under which Nvidia will invest that amount in OpenAI. In return, OpenAI will deploy at least 10 gigawatts (GW) of Nvidia GPUs across its AI data centers—enough capacity to power approximately 8 million homes. The chips will be used to power another deal between Oracle and OpenAI that is worth $300 billion in revenue for Oracle over 5 years for 4.5 GW of data center capacity. OpenAI has also signed deals with different cloud providers such as CoreWeave for $22.4 billion, a neocloud provider focusing specifically on AI.

While large commitments are needed to develop the expected capacity for the future, we are concerned there will be a large gap between revenues and spending. OpenAI CEO Sam Altman has said the company will spend trillions of dollars to develop AI by the end of the decade. But OpenAI made just about $13 billion in revenue this year. With consumers already struggling and the labor market weakening in part due to AI, there's likely limited upside spending capacity on the consumer side, especially with multiple offerings that include free tiers.

Strategy Team

Eiji Aono
Chief Investment Officer

Gabriel Osio
Strategy Associate

Source: Information provided herein may include content obtained from various publicly accessible online sources such as companies' filings, Bloomberg, S&P Research, Wall Street journal and other sources.

Disclosures

Please be aware the securities included herein may not be in the best interest of all investors and are subject to investment risks. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. It is important to carefully consider risks and how they align with your investment objectives and risk tolerance before investing. Investors may get back less than they invested, and past performance is not a reliable indicator of future results. Asset allocation does not guarantee a profit or protect against loss. Nothing in the presentation should be relied upon in isolation for the purpose of making an investment decision. You are urged to consider carefully whether the services, products, asset classes (e.g. equities, fixed income, alternative investments, commodities, etc.) or strategies discussed are suitable to your needs. You must also consider the objectives, risks, charges, and expenses associated with an investment service, product or strategy prior to making an investment decision.

This material is not considered research as per FINRA Rule 2711 nor is the product of any research department. The information contained in this presentation is created using information from third parties that are believed to be reliable; however, Bradesco Investments Inc. does not represent or warrant its accuracy, reliability or completeness, or accept any liability for any loss or damage (whether direct or indirect) arising out of the use of all or any part of the materials within this presentation. No representation or warranty should be made with regard to any computations, graphs, tables, diagrams or commentary, which are provided for illustration/ reference purposes only. If applicable, price and yields provided are estimated and subject to change, please confirm with your Financial Consultant information accuracy. Price is indicative and includes a fee markup that could range up to 2.5%.

Broker-dealer services are provided by Bradesco Investments Inc. and not by Bradesco Bank. Securities products purchased or sold in a transaction are: (i) not insured by the Federal Deposit Insurance Corporation ("FDIC"), (ii) not deposits or other obligation of Bradesco Bank and are not guaranteed by Bradesco Bank; and, (iii) subject to investr risk, including possible loss of the principal invested.