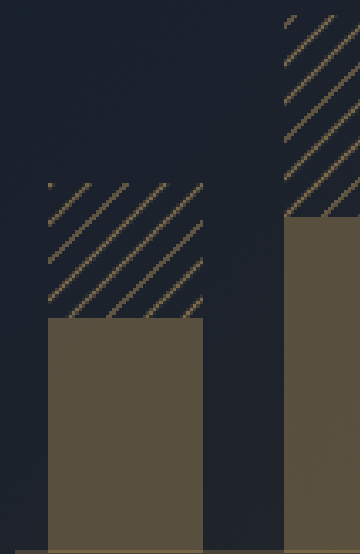


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The Compute Dividend

Half of S&P 500 earnings growth this year is one industrial buildout wearing a software multiple

By Diego Molina · Mediavertical

The five largest hyperscalers are on pace to spend roughly \$760 billion on AI infrastructure in 2026 while recognizing only about \$211 billion of that in depreciation · leaving \$549 billion sitting on balance sheets, still to hit the income statement · and the direct beneficiaries of that spending are expected to drive roughly half of total S&P 500 earnings growth this year. The growth number is real. Its composition is not what a normal earnings cycle looks like.

The earnings-growth figure is unusually concentrated in one spending program

Wall Street estimates for 2026 hyperscaler AI capital expenditure range from roughly \$527 billion to as high as \$900 billion depending on scope; the five biggest alone are tracking near \$760 billion. Semiconductor companies are the primary direct beneficiaries, with tech hardware, industrials, and utilities also picking up a meaningful earnings lift from the buildout. Analysts now attribute close to half of this year's and next year's S&P 500 earnings growth to that spending cycle · a level of concentration in a single capital program that is unusual for an index-wide earnings statistic.

Depreciation timing, not organic demand, is inflating today's growth rate

The accounting mechanics matter here. Capital spent on data centers and chips this year gets depreciated over several years, not immediately expensed. When capex accelerates faster than the depreciation schedule can absorb it, current-period earnings look stronger than the underlying economics would suggest once that spending catches up to the income statement · which is exactly the gap the \$549 billion in deferred depreciation represents. This dynamic is already embedded in bullish forecasts: JPMorgan's recent S&P 500 target increase to 8,000 explicitly cites earnings growth alongside AI investment as the drivers.

The deferred base means future years inherit a mechanical headwind

None of this requires demand to slow down for margins to compress. Even if capex growth simply decelerates from its current pace, the depreciation expense tied to 2026's spending keeps arriving on schedule in 2027 and 2028 · a cost base that was earned this year's earnings credit for, but not yet charged against it. Whether that's absorbed cleanly depends on whether inference demand and enterprise AI revenue scale fast enough to earn back what's coming, or whether 2026's earnings growth is quietly borrowing from 2027 and 2028.

What this means for allocators

The headline earnings-growth number should be read net of the deferred-depreciation overhang, not at face value. This is closer to underwriting a capital project mid-construction than reading a mature company's income statement: current profits look better than the run-rate will, because the depreciation clock on this year's spending hasn't fully started. Treat the durability of that growth as an open underwriting question, not a settled input.

If roughly half of this year's S&P 500 earnings growth traces to capex being spent faster than it's being depreciated, how much of that growth should investors treat as durable · and how much as a deferred cost still working its way onto the income statement?