

Reasonable Valuation of the Optical Module Sector



Article Overview

The optical module sector is experiencing strong growth driven by AI datacenter demand, but valuations are stretched, with upstream suppliers capturing the majority of profits while assemblers remain price-takers.

Market Size and Growth

The optical module market is expanding rapidly due to AI-driven datacenter build-outs. Goldman Sachs projects 800G module sales to reach 33.5 million units in 2026, with the total market value growing from \$12.73 billion in 2025 to \$19.37 billion in 2026, representing strong year-on-year growth of over 50% in USD terms. Signal AI reports that datacom optical component revenue more than doubled in 1Q26 to \$7.7 billion, with 800GbE modules dominating high-speed shipments and 1.6TbE modules ramping sharply. Despite this growth, supply constraints in EML lasers and DSP chips limit the ceiling for expansion.

Profit Distribution and Scarcity Rent

Not all players benefit equally. Chinese assemblers like InnoLight and Eoptolink capture the majority of unit volume (~60% of Nvidia's incremental 800G orders) but earn 20-38% net margins as price-takers. In contrast, upstream suppliers of scarce components, such as Lumentum (EML lasers) and the Broadcom/Marvell DSP duopoly, enjoy durable pricing power and higher margins (Broadcom's gross margin ~68%) due to limited competition. This decoupling of volume share and profit share is criti...

Article Content

Optical Communication Module Market Size: Types, Market ...

The market for "Optical Communication Module Market" is examined in this report, along with the factors that are

Optical Modules Market Size, Trends & Forecast 2025-2035 | Core

The global optical modules market is projected to reach a valuation of approximately USD 20 billion by 2035, with a compound

Optical Modules Market Research Report 2034

The optical modules market was valued at \$14.8 billion in 2025 and is projected to reach \$39.6 billion by 2034, growing at a CAGR of

Optical Module Investment Landscape 2026: Demand, Scarcity, CPO,

Long-run ceiling: LightCounting sees a "reasonable chance" for AI-cluster optical interconnect sales to reach ~\$100B

Optical Modules Market Size, Future Growth and Forecast 2033

The global optical modules market is projected to reach a valuation of USD 15.8 billion by 2033, growing at a compound annual

Optical Modules Market Analysis 2026

Optical transmitter modules are a key driver of the increase in the optical modules market, as they enable high-pace information

Valuation metrics for optical module companies — Grokipedia

Valuation metrics for optical module companies refer to the financial ratios and analytical frameworks employed to assess the worth

Optical Module Market Size & Share 2026-2032

The Optical Module Market size was estimated at USD 26.53 billion in 2025 and expected to reach USD 30.01 billion in 2026, at a

Optical Module and DCI Market Insights | Size & Outlook 2035

The Optical Module and DCI Market Size was valued at 9.97 USD Billion in 2024. The Optical Module and DCI Market is expected to

Active Optical Module Market Research Report 2034

Active Optical Module market valued at \$10.7 billion in 2025, projected to reach \$35.6 billion by 2034 at 14.2% CAGR, driven by data

Telecom Optical Module Market Insights | Size & Outlook 2035

Key Market Trends Insights • The Global Telecom Optical Module Market is projected to grow at a CAGR of 5.6% from 2025 to 2035,

Optical Modules Market Research Report 2034

Optical Modules Market Outlook 2025-2034 The global optical modules market was valued at \$14.8 billion in 2025 and is projected to

Optical Modules Market Size, Trends & Forecast 2025-2035 | Core

Optical Modules Market Outlook The global optical modules market is projected to reach a valuation of approximately USD 20 billion

Optical Module Chip Market 2025

The optical module chip market exhibits a fragmented yet competitive structure with global technology providers, semiconductor

Optical Module Chip Market 2025

The North American optical module chip market is driven by advanced technology adoption, particularly in the U.S., where data

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