



## Advanced Micro Devices Inc.

# GUTIC Equity Research Report

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## Overall Recommendation - Buy

NASDAQ Current Price - \$197.74

Target Price - \$234.18

Forecasted Growth - 18.43%

Market Cap. - \$322.38bn

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## 1: Investment Thesis

AMD is a high beta structural winner on the secular buildout of AI and high-performance compute infrastructure, with an increasingly competitive AI accelerator portfolio (Instinct), a proven high core count server CPU franchise (EPYC), and growing exposure to AI PCs via Ryzen AI. The company has transitioned from a pandemic-driven PC and gaming cycle to an AI and datacenterdriven growth phase, with revenue rising from 25.8 billion USD in 2024 to 34.6 billion USD in 2025 and gross margin stabilising around 50 percent.

However, AMD's investment case is not derisked: it competes directly with Nvidia's entrenched AI ecosystem and Intel's scale in x86, while managing integration of Xilinx, Silo AI and the planned ZT Systems acquisition, and simultaneously executing an aggressive AI and CPU roadmap. The stock warrants a premium multiple versus legacy semis due to its growth and mix, but that premium is sensitive to AI execution, competitive responses, and the sustainability of hyperscaler AI capex.

Actionable view (for a formal note):

- ❖ Rating: Buy/Outperform (growth at scale, AI optionality, improving margins).
- ❖ Risk: Aboveaverage (high competitive intensity, execution risk, macro and capex cyclicality).

## 2: Industry Overview and Demand Outlook

### 2a: Global semiconductor cycle

The semiconductor market rebounded sharply from the prior downturn and is on track to approach 1 trillion USD by 2026, led by Logic and Memory. WSTS expects global semiconductor sales to grow 13.1% in 2025 to 624 bn USD and then surge a further 28.4% in 2026 to 801 bn USD, driven mainly by a strong rebound in Memory and continued Logic demand. Other industry analyses note that the market is "on track" to hit around 1 trillion USD, depending on pricing and AI-driven demand.

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Key points:

Structural drivers: AI, cloud/data center, automotive, and industrial applications are expanding the long-term silicon content per system.

Cyclicality: The market remains cyclical, but the “floor” of demand is higher due to AI and data proliferation.

## **2b: AI and data-center TAM**

AI data-center chips are the fastest-growing sub-segment: One widely cited forecast projects AI data-center chip revenue to reach 286 bn USD by 2033, implying a 29% CAGR from 2023 levels.

Separate market research estimates the AI chip market (data center, edge, etc.) will grow at ~29–30% CAGR through 2030.

Data center GPUs and accelerators specifically: A 2026 report on data-center GPUs forecasts a 31.4% CAGR through 2033, driven by AI infrastructure build-outs.

AMD’s own messaging reinforces the TAM narrative: CEO Lisa Su has cited expectations that the AI data-center market could reach ~400 bn USD by 2027 and ~1 tn USD by 2030, with AMD targeting a sizable share.

## **2c: PC, gaming, and embedded**

AI-PC theme: Industry commentary and CES coverage show strong emphasis on AI-capable PCs, where AMD’s Ryzen platforms are key drivers of client growth. Gaming: AMD’s client and gaming segments grew meaningfully in 2025, supported by Ryzen and Radeon demand.

Embedded: AMD’s Embedded segment (including FPGAs via Xilinx) adds diversified industrial, auto, and communications exposure with steady growth.

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### 3: Business model and segment detail

Business model overview:

AMD is a fabless semiconductor company focused on high performance and adaptive computing, deriving revenue from four segments: Data Center, Client, Gaming and Embedded. It operates on an assetlight model, outsourcing manufacturing to leading edge foundries (primarily TSMC and some GlobalFoundries) while concentrating capital on R&D, product design, and ecosystem development.

Revenue is driven by a mix of:

- ❖ CPUs (Ryzen, EPYC) – x86 compute across client and server.
- ❖ GPUs and accelerators (Radeon, Instinct) – gaming, graphics, and AI/HPC accelerators.
- ❖ Adaptive and embedded products (Xilinx FPGAs, SoCs) – industrial, automotive, Historical performance and inflection communications, defence.
- ❖ Semicustom SoCs – game consoles and bespoke customer designs.

High margin growth is increasingly concentrated in datacenter EPYC and Instinct, while Client and Gaming are more cyclical and pricecompetitive, and Embedded provides margin ballast and diversification.

### 4: Financial trajectory (2020–2025, expanded)

2020–2021: “Golden phase” of CPUled expansion

- ❖ Revenue grew from 9.76 billion USD (2020) to 16.4 billion USD (2021), with 45–48 percent gross margin and operating income rising from 1.37 billion to 3.65 billion USD.

Drivers:

- ❖ Strong Ryzen adoption in notebooks/desktops amid work from home, gaming and content creation trends.
- ❖ EPYC share gains as hyperscalers and enterprises diversified away from Intel and sought better performance per watt.
- ❖ Semicustom ramp for nextgen consoles.
- ❖ 2022–2023: Growth with earnings compression

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- ❖ 2022 revenue rose to 23.6 billion USD but GAAP gross margin declined to 45 percent and operating income fell to 1.3 billion USD, largely due to Xilinx amortisation and PC/gaming softness.

2023 revenue declined to 22.7 billion USD, and GAAP profitability contracted further despite the expanded portfolio, reflecting:

- ❖ PC downcycle and inventory digestion, hurting Client volumes and ASPs.
- ❖ Latecycle console demand and a weaker gaming GPU market hitting Gaming.
- ❖ Noncash amortisation of acquired intangibles and higher R&D/SG&A from a larger product set.

2024–2025: Aldriven reacceleration

- ❖ 2024: Revenue 25.8 billion USD, GAAP gross margin 49 percent, nonGAAP gross margin 53 percent, nonGAAP operating income 6.1 billion USD; Data Center and Client rebounded strongly, Gaming and Embedded declined.
- ❖ 2025: Revenue 34.6 billion USD, gross margin 50 percent, operating income 3.7 billion USD, net income 4.3 billion USD, marking a new earnings upcycle driven by AI accelerators and server CPUs.

Takeaway: AMD's earnings base has reset higher via AI and data center, despite the structural decline in some gaming and embedded pockets.

## 5: Segment level expansion

Data Center – now the core value driver

- ❖ 2024 Data Center revenue of 12.6 billion USD, up ~94 percent year-on-year, driven by EPYC Genoa/Bergamo and the MI300 accelerator ramp.
- ❖ 2025 commentary indicates continued strength with MI350 shipments and multiGW GPU deployments, underpinning middle-digit growth.
- ❖ Economics: Higher ASPs and attach of platform components (memory, interconnect, software) drive margin accretion relative to corporate average.

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Gaming – structurally pressured

- ❖ 2024 Gaming revenue down 58 percent year on year to 2.6 billion USD, mainly due to lower semicustom SoC sales as console demand normalised.
- ❖ Discrete gaming GPUs face Nvidia’s entrenched position and price/performance competition, limiting AMD’s ability to drive material margin expansion here.

## 6: Industry context and AMD’s relative position

AI and datacenter spending:

- ❖ Hyperscaler and enterprise AI capex is running at unprecedented levels, with multiyear commitments to high-performance GPUs and AI-optimised CPUs.
- ❖ AMD’s AI chip revenue is estimated around 5 billion USD in 2024, with expectations of rapid scaling as MI300 and successors ramp across multiple cloud and enterprise customers.

AMD’s edge:

- ❖ EPYC provides CPU attach to AI clusters, and Instinct GPUS undercut Nvidia on cost in some configurations while offering competitive performance and energy efficiency.
- ❖ Open standards (e.g., ROCm and support for mainstream frameworks) appeal to customers wary of heavy CUDA locking, though the software gap remains real.

PC and AI PC cycle:

- ❖ Traditional PC unit growth is low, but the mix is shifting to more powerful, AI-capable devices, increasing silicon content.
- ❖ Microsoft Copilot+ and similar initiatives drive demand for NPUs and local inference capabilities, which AMD’s Ryzen AI line targets.

AMD’s edge:

- ❖ Competitive CPU cores and integrated RDNA graphics, plus NPUs, give AMD a good platform for AI PCs, particularly in notebooks.
- ❖ However, Intel’s scale, long OEM relationships, and renewed product cadence (e.g., Core Ultra) are direct competitive threats.

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## 7: Competitive landscape

Nvidia:

Maintains a dominant position in datacenter GPUs and AI software with CUDA, cuDNN and a broad ecosystem, and commands superior pricing power.

AMD's Instinct line, even with MI300, is still catching up; AMD is likely the clear second source but faces a large share gap.

Intel:

Remains the largest x86 vendor and is rebuilding product competitiveness in both client and server spaces.

AMD's 2025 filings highlight Intel's and Nvidia's growing collaboration, including Nvidia's investment in Intel, as a material business risk that could pressure pricing and design win opportunities.

ARM and custom silicon:

Hyperscalers are designing ARMbased CPUs and custom accelerators, which can cap AMD's TAM expansion in certain workloads.

AMD must differentiate on performance, flexibility (adaptive computing) and time to market to remain attractive relative to inhouse solutions.

## 8: Risks

1. Competitive and ecosystem risk
  - ❖ Nvidia's AI software stack remains the defacto standard; AMD must close the gap with ROCm and toolchains to enable broad adoption.
  - ❖ Intel's and Nvidia's deepening partnership (including Nvidia's investment in Intel) could lead to integrated platform offerings that challenge AMD's positioning in key accounts.
2. Execution risk (roadmap, integration, operations)

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- ❖ Delivering successive generations of AI GPUs on an annual cadence, while also executing on CPU and embedded roadmaps, strains engineering and supply chain resources.
  - ❖ Integration of Xilinx, Silo AI and ZT Systems carries cultural and operational risk; failure to realise synergies could weigh on margins.
3. Demand cyclical and capex concentration
    - ❖ AI capex is concentrated in a small number of hyperscalers and large enterprises; any slowdown, reprioritisation, or insourcing could materially impact AMD's growth.
    - ❖ Client and Gaming segments remain exposed to macro cycles and consumer confidence, contributing to earnings volatility.
  4. Supply chain and geopolitical risk
    - ❖ Heavy reliance on TSMC and other third party foundries exposes AMD to capacity constraints, yield issues and geopolitical risks (notably Taiwan).
    - ❖ Export controls on advanced AI hardware could restrict AMD's ability to sell high end accelerators into some markets.
  5. Valuation and sentiment risk
    - ❖ After a "huge AI-fuelled 2025 rally", some commentators question whether it is too late to buy AMD, implying the valuation bakes in much of the AI upside.
    - ❖ Any miss versus high expectations (e.g., slower AI revenue ramp, weaker gross margin, or guidance reset) could trigger outsized share price reactions.
    - ❖ Persists, PC/gaming weaken; derating toward more "normal" semi multiples.

## 9: SWOT Analysis

Strengths	Weaknesses
Architectural Leadership: Chiplet-based design allows for rapid scaling and cost efficiency	Software Ecosystem: The ROCm software stack still lags behind NVIDIA's CUDA in developer mindshare
Diverse Portfolio: Strong Presence in CPUs (EPYC), GPUs (Instinct/Radeon), and Adaptive SoCs (Xilinx)	Foundry Dependency: 100% reliance on TSMC for leading-edge production
Market Share Gains: Successfully captured ~30% of the desktop MPU market from intel as of 2025 ( <a href="https://www.investing.com">Investing.com</a> 2025)	Marketing Budget: Significantly lower R&D and marketing spend compared to Nvidia and Intel
Opportunities	Threats
AI Infrastructure: Rapidly growing demand for MI350/MI450 series accelerators in 2026	Intense Competition: Nvidia's 'Blackwell' and Intel's potential foundry recovery pose margin risks
Edge AI: Expansion of the 'AI PC' market with Zen 5 processors	Geopolitical Tension: Escalation in the Taiwan Strait could halt production entirely

## 10: PESTLE Analysis

### Political:

- ❖ US–China export controls restrict shipment of advanced data-centre and AI chips to certain Chinese entities (AMD, 2023)
- ❖ Semiconductor industrial policies (e.g. US and EU CHIPS-related incentives) support domestic advanced manufacturing ecosystems (AMD, 2023).
- ❖ Export Controls: US restrictions on high-end AI chips (e.g., MI308) to China resulted in approximately \$440 million in net inventory charges in late 2025 (Stock Titan, 2026).
- ❖ CHIPS Act: Subsidies for domestic manufacturing (Intel/TSMC) indirectly affect AMD by shifting the cost structure of their manufacturing partners.

### Economic:

- ❖ AI Capex Sustainability: There is growing concern regarding the "Return on Investment" for AI. If hyperscalers slow their capital expenditure (Capex) due to high interest rates or lower-than-expected AI monetization, AMD's growth could stall (Deloitte, 2026).
- ❖ Post-pandemic slowdown and inflation created a “soft PC market” and challenging macro environment in H2 2022 and into 2023 (AMD, 2023).
- ❖ Surging AI infrastructure investment by hyperscalers has expanded demand for accelerators and high-performance CPUs (SunTzu Recruit, 2024; PatentPC, 2026).

### Social:

- ❖ Remote Work & Gaming: While the pandemic-era surge in PC sales ended, the social shift toward "AI PCs" (processors with integrated NPUs) is expected to drive a refresh cycle in 2026 (Capgemini, 2025).
- ❖ Structural growth in cloud services, digitalisation and remote/hybrid work increases long-term demand for compute and storage (AMD, 2023).
- ❖ Gaming has become a mainstream entertainment category, but console demand is cyclical and susceptible to real-income pressure (PC Gamer, 2024; AMD, 2023).

#### Technological:

- ❖ Heterogeneous Integration: The shift toward "Chiplets" (AMD's specialty) is now the industry standard for 2026, allowing for higher yields and better performance-per-watt than monolithic designs (Omdia, 2025).
- ❖ Rapid advances in AI and process nodes require sustained R&D and tight coordination with leading-edge foundries (AMD, 2023).
- ❖ Strong incumbency of NVIDIA in AI accelerators and competition from Intel and ARM-based CPUs (SunTzu Recruit, 2024; PatentPC, 2026).

#### Environmental:

- ❖ Data Center Power Crisis: 2026 trends indicate that power availability is the new bottleneck. AMD's "Helios" rack systems focus on power-efficient architectures to meet the sustainability goals of large enterprises (Investing.com, 2025).
- ❖ Rising focus on data-centre energy efficiency and carbon footprint (AMD, 2023).
- ❖ Environmental regulation and climate-related risks in the semiconductor supply chain (AMD, 2023).

#### Legal:

- ❖ Antitrust Scrutiny: As AMD gains market share against Intel, it faces increased regulatory scrutiny regarding
- ❖ Regulatory scrutiny of large semiconductor M&A and ongoing export-control compliance (AMD, 2023).
- ❖ Shifts in export regimes could force redesigns and changes to product roadmaps (AMD, 2023) bundling practices and licensing of x86 architecture.

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## 11: Valuation

Our valuation of AMD was based on a discounted cash flow (DCF) model using the perpetuity growth method to calculate the firm's terminal value to arrive at an implied share price of \$234.18. We also built a trading comparables valuation model based on the EV/revenue, EV/EBITDA, and P/E multiples of 8 comparable companies shown below. This model however, yielded a total range of implied share prices that was too wide (minimum \$35.68, maximum \$574.04) and large spreads between median trading multiples' implied share prices (\$79.07 - \$162.35). This obscured any discernible central share price from being arrived at. The median EBITDA multiple used in the exit multiple version of the DCF also portrayed a significantly inflated range of implied share prices centered on figures around 50% above what AMD currently trades at. Hence, our valuation (and investment thesis's) focus was on the results derived from DCF's perpetuity growth analysis.

Our trading comparables valuation was however useful in benchmarking revenue growth, EBITDA margins, and profit margins across AMD's peers and against the firm itself. AMD's growth across these metrics over the last 2 years has underperformed slightly against this basket of peers as shown below, particularly against the likes of NVIDIA and SK Hynix. However, AMD has traded at moderate multiples, indicating additional room for multiple expansion and value that can be captured in owning its equity.

### Advanced Micron Devices Inc. Trading Comparables

Date	04/03/2026
Currency	USD

Ticker	Company Name	Current Price	Share Count	Enterprise Value	Market Cap	Revenue			EBITDA		Net Income	
						23	24	25	24	25	24	25
AMD	Advanced Micron Devices	190.95	1,648	319,871	311,327	22,680	25,785	34,639	5,185	6,518	1,641	4,269
NVDA	NVIDIA Corporation	180.05	24,410	4,320,000	4,376,000	60,922	130,497	215,938	83,317	133,230	120,067	72,880
INTC	Intel Corporation	43.70	5,049	224,450	215,292	54,228	53,101	52,853	6,671	13,138	(18,756)	(267)
AVGO	Broadcom Inc.	315.30	4,897	1,540,000	1,488,000	35,819	51,574	63,887	25,260	34,926	6,168	23,126
ARM	ARM Holdings	123.32	1,064	128,720	130,966	2,938	3,694	4,671	615	1,099	806	801
2330	Taiwan Semiconductor Manufacturing Co., Ltd.	359.90	5,186	241,440	1,867,000	69,176	88,276	124,172	60,575	85,532	35,785	56,001
MU	Micron Technology, Inc.	400.35	1,143	429,440	450,592	16,181	29,094	42,312	12,501	22,446	3,882	11,909
5930	Samsung Electronics Co., Ltd.	117.74	5,830	775,010	787,223	207,148	210,610	233,524	52,750	63,369	23,535	30,983
660	SK Hynix Inc.	643.40	713	393,886	444,239	26,213	46,335	68,002	25,209	42,767	13,852	30,064

Ticker	Company Name	Trading Multiples											
		Revenue Growth		EBITDA Margin		Profit Margin		EV / Revenue		EV / EBITDA		P / E	
		24	25	24	25	24	25	24	25	24	25	24	25
AMD	Advanced Micron Devices	14%	34%	20%	19%	6%	12%	12.4x	9.2x	61.7x	49.1x	189.7x	72.9x
NVDA	NVIDIA Corporation	114%	65%	64%	62%	92%	34%	33.1x	20.0x	51.9x	32.4x	36.4x	60.0x
INTC	Intel Corporation	(2%)	(0%)	13%	25%	(1%)	(1%)	4.2x	4.2x	33.6x	17.1x	Negative	Negative
AVGO	Broadcom Inc.	44%	24%	49%	55%	12%	36%	29.9x	24.1x	61.0x	44.1x	241.2x	64.3x
ARM	ARM Holdings	26%	26%	17%	24%	22%	17%	34.8x	27.6x	209.3x	117.1x	162.5x	163.5x
2330	Taiwan Semiconductor Manufacturing Co., Ltd.	28%	41%	69%	69%	41%	45%	2.7x	1.9x	4.0x	2.8x	52.2x	33.3x
MU	Micron Technology, Inc.	80%	45%	43%	53%	13%	28%	14.8x	10.1x	34.4x	19.1x	116.1x	37.8x
5930	Samsung Electronics Co., Ltd.	2%	11%	25%	27%	11%	13%	3.7x	3.3x	14.7x	12.2x	33.4x	25.4x
660	SK Hynix Inc.	77%	47%	54%	63%	30%	44%	8.5x	5.8x	15.6x	9.2x	32.1x	14.8x
Mean		46%	32%	42%	47%	28%	27%	16.5x	12.1x	53.1x	31.8x	96.3x	57.0x
Median		36%	34%	46%	54%	18%	31%	11.6x	8.0x	34.0x	18.1x	52.2x	37.8x

Calculating Implied Share Price	2025 Trading Multiple			2025 Financial Metric			Enterprise Value		
	Revenue	EBITDA	P/E	Revenue	EBITDA	EPS	Revenue	EBITDA	Net Income
Minimum	1.9x	2.8x	14.8x	34,639	6,518	2.59	67,352	18,399	--
Mean	12.1x	31.8x	57.0x	34,639	6,518	2.59	420,516	207,046	--
Median	8.0x	18.1x	37.8x	34,639	6,518	2.59	276,101	118,028	--
Maximum	27.6x	117.1x	163.5x	34,639	6,518	2.59	954,556	763,419	--

Calculating Implied Share Price	Equity Value			Implied Share Price		
	Revenue	EBITDA	Net Income	Revenue	EBITDA	Net Income
Minimum	58,808	30,678	63,081	\$ 35.68	\$ 18.62	\$ 38.28
Mean	411,972	219,325	243,485	\$ 249.98	\$ 133.09	\$ 147.75
Median	267,557	130,307	161,523	\$ 162.35	\$ 79.07	\$ 98.01
Maximum	946,012	775,698	697,995	\$ 574.04	\$ 470.69	\$ 423.54

Sources: The Wall Street Journal, Yahoo Finance, company 10-Ks, 10-Qs, annual reports, quarterly reports

### Discounted Cash Flow Valuation:

Our revenue forecast was built on analyst forecasts and our own judgement. We see AMD's revenue expanding significantly into the future however at slightly lower growth rates over time compared to the 34% which they posted in 2025 as the firm and AI boom matures. Our forecast still reflects robust revenue growth over the next 10 years, ending at 5x its current figure, as AMD's GPUs, CPUs, and expanding network and system integration offerings will remain essential to the growth of datacenters and AI adoption across all industries. Maintaining its current exceptional growth rates may face hurdles due to the extent to which uncertainty around AI adoption will lead to productivity revolution and over what time scale, in addition to

the financial position of AMD’s hyperscaler clients should their ROI on substantial capex not materialize.

AMD’s WACC is relatively high at 12% primarily reflected by its high equity beta of 1.95 and with equity comprising 96% of its capital structure. Despite these relative risks in holding a stake in the firm’s equity, we believe it remains a sustainable investment given its broad portfolio not only across AI acceleration but also gaming and Embed, coupled with a notable upside due to strong growth forecasts. Outlined below is the DCF model and the WACC assumptions we used.

**Advanced Micron Devices Inc. DCF**

Ticker	AMD	Implied Share Price	234.18	
Date	13/03/2026	Today's Share Price	197.74	Upside (Downside)
Year End	31/12/2026			18.43%

**Valuation Assumptions**

WACC	12.00%
TGR	3%
Exit EBITDA Multiple	18.1x

Summary Financials & DCF						1	2	3	4	5	6	7	8	9	10
March YE (USD mm)	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Revenue	16,434	23,601	22,680	25,785	34,639	45,031	57,189	71,486	85,783	99,509	113,440	128,187	143,570	159,362	175,299
% growth	68.33%	43.61%	-3.90%	13.69%	34.34%	30%	27%	25%	20%	16%	14%	13%	12%	11%	10%
EBITDA	4,141	5,876	4,176	5,185	6,518	11,708	15,441	19,301	24,019	27,862	31,763	37,174	41,635	46,215	52,590
% margin	25.20%	24.90%	18.41%	20.11%	18.82%	26%	27%	27%	28%	28%	28%	29%	29%	29%	30%
EBIT	3,678	1,614	625	2,224	3,743	4,953	6,863	8,578	11,152	12,936	14,747	17,946	20,100	22,311	26,295
% margin	22.38%	6.84%	2.76%	8.63%	10.81%	11%	12%	12%	13%	13%	13%	14%	14%	14%	15%
Taxes	513	(122)	(346)	381	(103)	743	1,029	1,287	1,673	1,940	2,212	2,692	3,015	3,347	3,944
% of EBIT	13.95%	-7.56%	-55.36%	17.13%	-2.75%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
<b>EBIAT</b>						4,210	5,833	7,292	9,479	10,996	12,535	15,254	17,085	18,964	22,351
D&A	463	4,262	3,551	2,961	2,775	6,755	8,578	10,723	12,868	14,926	17,016	19,228	21,535	23,904	26,295
% of revenue	2.82%	18.06%	15.66%	11.48%	8.01%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
% of capex	154%	947%	650%	466%	285%	500%	500%	500%	500%	500%	500%	500%	500%	500%	500%
CapEx	(301)	(450)	(546)	(636)	(974)	(1,351)	(1,716)	(2,145)	(2,574)	(2,985)	(3,403)	(3,846)	(4,307)	(4,781)	(5,259)
% of revenue	1.83%	1.91%	2.41%	2.47%	2.81%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Change in NWC	(774)	(1,846)	(3,049)	(2,098)	(2,378)	(3,690)	(4,687)	(5,859)	(7,030)	(8,155)	(9,297)	(10,505)	(11,766)	(13,060)	(14,366)
% of revenue	4.71%	7.82%	13.44%	8.14%	6.87%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%	8.20%
<b>Unlevered FCF</b>						13,304	17,383	21,728	26,803	31,092	35,445	41,142	46,079	51,148	57,753
<b>Present Value of FCF</b>						12,715	15,001	16,742	18,439	19,096	19,437	20,143	20,143	19,962	20,124
Period						0.80									
Discount Period						0.40	1.30	2.30	3.30	4.30	5.30	6.30	7.30	8.30	9.30

NPV based on Perpetuity Growth Method			Terminal Growth Rate					
Value based on a 12% WACC and 3% TGR	Amount (USD mm)	% of NPV	WACC	2.00%	2.50%	3.00%	3.50%	4.00%
Terminal Value	660,701		234.18					
PV of Terminal Value	212,664	54%	13.00%	195.90	200.95	206.50	212.63	219.44
PV of Cashflows	181,802	46%	12.50%	207.41	213.18	219.57	226.66	234.59
<b>Enterprise Value</b>	<b>394,466</b>	<b>100%</b>	12.00%	220.15	226.79	<b>234.18</b>	242.43	251.71
+ Cash	5,383		11.50%	234.32	242.00	250.59	260.26	271.21
- Debt	13,927		11.00%	250.16	259.11	269.17	280.57	293.60
<b>Equity Value</b>	<b>385,922</b>							
Shares	1,648							
<b>Share Price</b>	<b>234.18</b>							

  

NPV based on EBITDA multiple method			Exit EBITDA Multiple					
Value based on a 12% WACC and 18.1x median EBITDA multiple	Amount (USD mm)	% of NPV	WACC	17.1x	17.6x	18.1x	18.6x	19.1x
Terminal Value	951,872		291.05					
PV of Terminal Value	306,385	63%	13.00%	260.93	265.63	270.33	275.03	279.73
PV of Cashflows	181,802	37%	12.50%	270.63	275.54	280.45	285.37	290.28
<b>Enterprise Value</b>	<b>488,187</b>	<b>100%</b>	12.00%	280.77	285.91	<b>291.05</b>	296.18	301.32
+ Cash	5,383		11.50%	291.39	296.76	302.13	307.50	312.87
- Debt	13,927		11.00%	302.50	308.12	313.74	319.36	324.97
<b>Equity Value</b>	<b>479,643</b>							
Shares	1,648							
<b>Share Price</b>	<b>291.05</b>							

Sources: The Wall Street Journal, Yahoo Finance, company 10-Ks, 10-Qs, annual reports, quarterly reports

## 12: Conclusion

Our recommendation is to BUY AMD. Our DCF's measure of the firm's intrinsic value implies a \$234.18 share price, 18.43% above where AMD currently trades, thus demonstrating notable upside to be captured. Investing in AMD's equity would be a robust investment for investors seeking exposure to growth in AI data centers and compute power from a firm that has a strong, broad product portfolio covering CPUs, GPUs, servers, and networks essential to the AI buildout, as well as AI's transformation across businesses and the macroeconomy. AMD presents compelling growth potential having exhibited a 34% increase in revenue in 2025 which is expected to continue at similar rates into the next 3 years. Driving this is its foothold in the high-tech hardware building out the AI industry. As markets in the last 3 months have rotated from a focus on chips, energy, infrastructure, and LLMs at the foundation of AI growth in 2025 to the businesses posed as the beneficiaries of AI adoption and those that will be disrupted, our view is that there will be a refocus on which LLMs, smaller models, and AI software (and therefore chips that enable their computing power) will be the most transformative for businesses. AMD stands to gain significant ground here.

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